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100th Congress, 1st Session

H. Rept. No. 100-433 S. Rept. No. 100-216

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 3
Depositions

Lee H. Hamilton, *Chairman*,
House Select Committee
Daniel K. Inouye, *Chairman*,
Senate Select Committee

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

November 13, 1987.—Committed to the Committee of the Whole House
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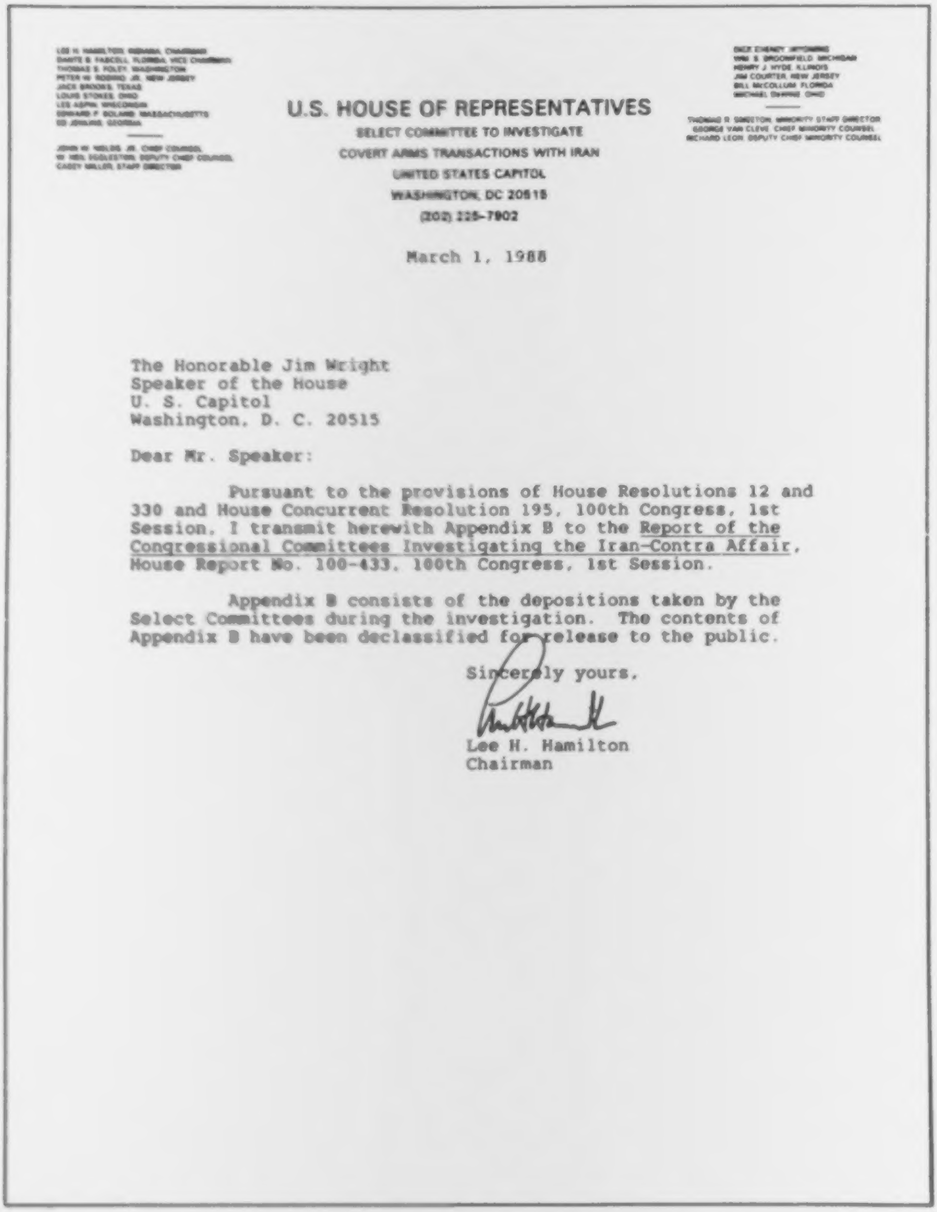

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March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
Chairman

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United States Senate
SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Daniel K. Inouye
Chairman

Warren B. Rudman
Vice Chairman

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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the House and Senate Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents,* 2 volumes, 1988.
Appendix B: *Depositions,* 27 volumes, 1988.
Appendix C: *Chronology of Events,* 1 volume, 1988.

All publications of the Select Committees are available from the U.S. Government Printing Office.

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Stenographic Transcript of

HEARINGS

Before the

SENATE SELECT COMMITTEE

~~TOP SECRET~~

UNITED STATES SENATE

DEPOSITION OF PHYLLIS M. BYRNE

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure
Subject to Criminal Sanctions

UNCLASSIFIED
~~TOP SECRET~~

3813

Declassified/Released on 28 Aug 87
under provisions of E.O. 12356
By B. Reger, National Security Council

Washington, D.C.

June 16, 1987

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DEPOSITION OF PHYLLIS M. BYRNE

- - -

Washington, D.C.

Tuesday, June 16, 1987

Deposition of PHYLLIS M. BYRNE, a witness herein, called for examination by counsel for the House and Senate Select Committees on Secret Military Assistance to Iran and the Nicaraguan Resistance, pursuant to notice, the witness being duly sworn by SUSAN A. HARRIS, a Notary Public in and for the District of Columbia, at the offices of the Senate Select Committee, 901 Hart Senate Office Building, Washington, D.C., at 10:00 o'clock a.m., Tuesday, June 16, 1987, and the proceedings being taken down by Stenomask by SUSAN A. HARRIS and transcribed under her direction.

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APPEARANCES:

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Senate Select Committee

CLARK B. HALL, Esq.
RICHARD J. LEON, Esq.
House Select Committee

JOHN P. SCHMITZ, Esq.
Deputy Counsel to the Vice President

ALAN CHARLES PAUL, Esq.
Associate Counsel to the President

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PROCEEDINGS

(Witness sworn.)

Whereupon,

PHYLLIS M. BYRNE,

a witness herein, was called for examination by counsel for the Select Committees and, having been first duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE SENATE COMMITTEE

BY MR. BELNICK:

Q State your name for the record.

A Phyllis Byrne.

Q Phyllis, you're employed where?

A In the office of the Vice President, in the national security affairs office.

Q For whom do you work personally?

A Donald Gregg.

Q And he's the Vice President's national security advisor?

A His title is assistant to the Vice President for national security affairs.

Q And how long have you worked for Mr. Gregg?

A I joined him in March 1983.

Q And you have worked for him continuously since then?

A Yes.

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Q I'm going to show you a document which has been marked by the reporter as Byrne Exhibit 1. It is headed "Office of the Vice President, Washington, April 16, 1986," and then it reads "Schedule proposal."

(The document referred to was marked Byrne Exhibit No. 1 for identification.)

Q I take it you have seen this document before, Phyllis?

A Yes, I have.

Q Can you describe to me what type of a document this is? What is a schedule proposal?

A This is really a form, and it is a form that asks us to provide certain information for meetings for the Vice President.

Q Is it a form used when a meeting is proposed for the Vice President?

A Yes, it is.

Q Some member of his staff requests that he attend a meeting?

A That's correct.

Q How are these schedule proposals typically filled out in your office?

A Well, they're usually filled out by me, and they are filled out with information that has been provided to

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me by staff members, usually with a request from the State Department or people from the outside. And with that information, Don examines it and decides whether or not a meeting should be requested.

If he decides that it is, I complete the proposal.

Q And where does it go after you complete it?

A It goes to the scheduling office.

Q Is it reviewed by Mr. Gregg? Is the schedule proposal that you complete reviewed by Mr. Gregg before it goes to the scheduling office?

A It usually is. This particular one was not.

Q We'll get to this one. I want to talk about the usual practice. Usually Mr. Gregg reviews the schedule proposal, correct?

A Yes.

Q And if he approves it, he puts his initials next to his name on it?

A Yes.

Q Then it goes to the scheduling office?

A Yes.

Q Who's in charge of the scheduling office?

A Hector Irastorza.

Q Again talking about the general practice with schedule proposals, as I understand from your testimony, the information that you put in a schedule proposal always comes to you from either a member of the staff or the State Department?

A. In most cases.

Q. What about the other cases?

A. Well, it would come from a telephone call.

Q. But my point is the information never originates with you. It comes to you from somebody else?

A. Correct.

Q. And that's always the case?

A. Yes.

Q. You fill out what you're told?

A. Yes.

Q. And then typically, after you have completed it, it goes to Mr. Gregg for review, he initials it, and then on to the scheduling office for the Vice President, correct?

A. Yes.

*corrected by deponent

Q. Who is *Craig ~~Greg~~ Fuller?

A. The chief of staff to the Vice President.

Q. And who is Sam Watson?

A. Deputy to Don Gregg.

Q. And are they members of the staff who from time to time will give you information for a schedule proposal?

A. Rarely with *Craig ~~Greg~~. Sam, frequently.

Q. Frequently Sam Watson. Who else frequently gives you information for schedule proposals? Mr. Gregg himself?

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A. Mr. Gregg himself.

Q. Sam Watson you say frequently?

A. Sam Watson. The State Department.

Q. Is that frequent?

A. Very frequent.

Q. Who at the State Department?

A. It would depend on what the visit is, the person, what desk at the State Department is concerned with the visit.

Q. Well, let's say it was a visit relating to Central America. What desk or desks will you typically hear from?

A. Well, it would depend. There again, it would be from that desk and the country.

Q. So if it was from El Salvador, it would be from the Salvador desk?

A. That's correct.

Q. If it were something to do with the contras, it would be from where in the State Department if it came from the State Department?

A. Oh, probably Nicaragua.

Q. Anyone else, aside from Greg Watson and State Department, who frequently give you information for schedule purposes?

A. No.

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Q How many schedule proposals do you complete on the average during an average week?

A. That would fluctuate, depending on foreign visitors who are coming. It would be difficult to guess. There would be no formula for that.

Q Is it a regular part of your task to fill out the schedule proposals?

A. Yes.

Q As far as --

A. It's a very mechanical exercise with me.

Q And you do it day after day?

A. Yes.

Q All the time?

A. Yes.

Q Let's then look at Byrne Exhibit 1 specifically now. And this was addressed to Debbie Hutton. Who is Debbie Hutton?

A. She at the time was head of the scheduling office.

Q When did she cease to be in charge of the Vice President's scheduling office?

A. I'm not sure of the exact time, but I think it's been about four or five months ago.

Q Then going back to this Exhibit 1, which again is dated April 16, 1986, it says it's from Don Gregg and there are initials "DG." Did Mr. Gregg put those initials there?

A. No, that is my writing.

Q. Why did you initial this document as opposed to Mr. Gregg?

A. Because he wasn't in the office at the time that I had completed it. He knew that I was preparing it. To expedite it, I put his initials on the document and moved it forward.

Q. Did Mr. Gregg see this document before it went out?

A. No.

Q. Did you read him the contents of the document before it went out?

A. No.

Q. Had you ever before sent schedule proposals on to the head of the Vice President's scheduling office without Mr. Gregg even hearing what it contained?

A. Yes.

Q. Is that something you do regularly?

A. Yes.

Q. How do you know whether it's authorized or not?

A. Because I usually have discussions with Mr. Gregg prior to my preparing it.

Q. Did you discuss Byrne Exhibit 1 with Mr. Gregg

UNCLASSIFIED

prior to preparing it?

A. Yes

Q. Did you tell him what it contained?

A. Well, at the we were talking about it I had not prepared the schedule proposal, so I didn't really know the exact language that would appear in it, that I would put in it, at the time I told him about it.

Q. I know it's hard to remember a specific day, but in reference to the date on this, when would you have discussed this with Mr. Gregg?

A. That same day.

Q. April 16?

A. Yes.

Q. Where did you get the information that appears in this schedule proposal?

A. Well, the information that I got came in several ways. It came in a telephone call from Felix Rodriguez from El Salvador.

Q. You say in several ways. How else?

A. Well, he told me when he was coming and that he would like to see the Vice President for a short time. Those are his exact words. I checked my notes.

Q. You have notes of that conversation?

A. I have shorthand notes of that conversation.

Q. Do you have them with you?

UNCLASSIFIED

A. I don't.

MR. BELNICK: I'd like to make a request that we receive a copy of those notes.

MR. RAUL: We will provide those.

MR. BELNICK: Thank you.

BY MR. BELNICK: (Resuming)

Q. All right. Mr. Rodriguez told you when he was coming in and said he would like a short meeting with the Vice President, right?

A. Yes.

Q. What else did he tell you?

A. He didn't tell me anything else except that he left phone numbers where he could be reached at different times in El Salvador.

Q. Did he tell you what he wanted to speak to the Vice President about?

A. No.

Q. What did you do after Mr. Rodriguez called?

A. I told Mr. Gregg that he was coming in, and he said go ahead and put in a schedule proposal to effect scheduling of the meeting, and this is the result of that.

Q. Did Mr. Gregg tell you what to put in on that part of the form that describes the purpose of the meeting?

A. No, he did not.

UNCLASSIFIED

Q Did he tell you anything about the background that ought to be put into this schedule proposal?

A. No, he did not.

Q Where did you get the other information from that appears on Byrne Exhibit 1?

A. The purpose of the meeting was given to me by Colonel Watson.

Q And how did Colonel Watson become involved in this schedule proposal?

A. My desk is located right outside of Colonel Watson's door and my word processor is there, too. I turned to him when I was preparing this and asked him to give me a phrase.

Q And he gave you the following phrase: "To brief the Vice President on the status of the war in El Salvador and resupply of the contras"?

A. I don't believe that he gave me those precise words, but he did tell me--the resupply of the contras was the phrase that he provided to me.

Q He did tell you that. When you say he didn't give you those precise words?

A. Well, he didn't give me the complete sentence as it appears here.

Q But he gave you the substance?

A. That's right, and I just structured what he

TOP SECRET

gave me into a sentence.

Q So he told you in essence that the purpose of the meeting would be to brief the Vice President both on the war in El Salvador and resupply of the contras, correct?

A Yes.

Q And that's what you typed on the schedule?

A That's my recollection of what he told me.

Q You don't recall getting the purpose from anyone else, right?

A No.

Q And you didn't make it up yourself, correct?

A No.

Q Then the information that appears next to "background," from where did you get that or from whom?

A I wrote that myself.

Q You knew that the Vice President had previously met with Mr. Rodriquez?

A Yes.

Q The date, that came from Mr. Rodriquez?

A Yes, it did. The date came from Mr. Rodriguez, and in a second telephone call he told me that he would not be coming on the 22nd or the 23rd because he was waiting for a plane to bring him to Miami.

Q So he told you April 28, between April 28 --

A. Approximately during that time, yes.

Q. Is it your handwriting, "28-May 2"?

A. It is.

Q. And you put that on there after you typed the schedule proposal?

A. Well, I knew of the change in dates.

Q. Before it was sent?

A. No, I think afterward.

Q. And then you conveyed the information to Debbie Hutton how? Submitted it again?

A. No. I think it was by either a personal visit to our office or else by phone.

Q. So you were making the change on your office copy?

A. Yes.

Q. The duration, 15 minutes, that's because Felix told you he wanted a short meeting?

A. Correct.

Q. Location, OEOB. How about the participants? How did you know who would participate in the meeting aside from the Vice President and Felix?

A. Well, Craig Fuller routinely joins the Vice President in most of his meetings and I automatically included his name. And of course I put Don's name there because he was concerned with the meeting from our office.

Q. And then we have what seems to be some, what I woul guess, boilerplate for something like this, no remarks required, staff photographer to be present.

A It's just a filling in the blanks.

Q And Don Gregg would be the contact. He's the one who recommends the visit. There is some handwriting at the bottom of the page, "5/1 or 5/2 per Justine." Is that your handwriting?

A Yes, it is.

Q And who is Justine?

A She was the deputy to Debbie Hutton.

Q And was she telling you that the meeting would be held 5/1 or 5/2?

A Yes.

Q And then was it subssequently scheduled for 5/1 at 11:30 in the West Wing?

A Yes.

Q Where in the West Wing would such a meeting be held?

A The Vice President's office.

Q And all that handwriting is yours?

A Yes.

Q There seems to be a squiggle at the bottom. Is that --

A I don't know what that is.

Q An "M" that went crazy?

UNCLASSIFIED

A. It isn't anything in my writing. I don't know what that is.

Q. Did you discuss with Mr. Gregg before this went out the purpose of the meeting as you had been given it by Colonel Watson?

A. No.

Q. Did you discuss that with anybody before this went out?

A. No.

Q. Did you show it to Colonel Watson?

A. No.

Q. You got the information from him, typed it up, and because Mr. Gregg was not there you initialed Mr. Gregg's initials and sent this out to Debbie Hutton?

A. That's correct.

Q. Let's look at the next page, which has been marked Byrne Exhibit 2.

(The document referred to was marked Byrne Exhibit No. 2 for identification.)

Q. Now, I take it that this is the memo back from Debbie Hutton approving the meeting that Byrne Exhibit 1 requested, correct?

A. Correct.

Q. Scheduling it for May 1, putting the time and

TOP SECRET UNCLASSIFIED

place in, correct?

A. Correct.

Q. Now, would you turn to the next page of the exhibit, which has been marked Byrne Exhibit 3. It is a one page document, office of the Vice President, Washington, dated April 30, 1986, entitled "Briefing memorandum for the Vice President."

(The document referred to was marked Byrne Exhibit No. 3 for identification.)

Q. You have seen this document before?

A. Yes.

Q. Did you prepare this document?

A. I did.

Q. And from where did you get the information that appears on this document?

A. Well, I repeated the language that I had included in the schedule proposal.

Q. Is that the way you typically do it, with a meeting briefing memo for the Vice President?

A. Well, when it's something of this nature, something as simple as this.

Q. These briefing memorandums are usually prepared a day or so before a scheduled meeting with the Vice President?

A. Yes.

Q. They follow a fairly standard form?

A. Yes.

Q. The same as the form we see on Byrne Exhibit 3?

A. That's right.

Q. Now, this memo is listed as being from Don Gregg and it goes directly to the Vice President?

A. It goes to Tom Collamore, who is the staff secretary.

Q. And he was then the staff secretary?

A. Yes.

Q. Do you know whether it's Mr. Collamore's practice to give these memoes then to the Vice President?

A. Yes. He prepares a book at the end of every day and includes background material for meetings that will follow the next day.

Q. So basically, it would have been given to the Vice President to read?

A. Yes, it would have.

Q. And it was from Don Gregg, correct?

A. Correct.

Q. Did Mr. Gregg put his initials on Byrne Exhibit 3?

A. No, he did not.

Q. Who put his initials there?

A. That is my writing.

TOP SECRET
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Q Did you show this briefing memo to Mr. Gregg before you put his initials there?

A No, I did not.

Q Why didn't you?

A He wasn't there.

Q Had you previously signed off on briefing memoes for the Vice President without Mr. Gregg seeing them?

A Yes.

Q In which cases did you feel you had the authority to do that?

A Well, in cases where it was a matter of fact situation, where I knew that it was a meeting that I had enough information to provide a memorandum that would meet the requirements for the next day.

Q And the information that appears on Byrne Exhibit 3 you took directly from Byrne Exhibit 1?

A Yes.

Q Did you show this briefing memorandum to anybody before you sent it to the Vice President?

A No.

Q Now, Phyllis, do you recall whether the Vice President's office responded in any way to this briefing memorandum?

A I don't understand your question.

Q Did you get a call or did Mr. Gregg get a call

UNCLASSIFIED

asking about the purpose of the meeting after this memorandum was sent to the Vice President?

A. I don't believe so.

Q. Not to your knowledge?

A. Not to my knowledge.

Q. When was the last time you discussed either this briefing memorandum or Byrne Exhibit 1, the schedule proposal, with anyone in the Vice President's office?

× corrected by deponent

A. Well, I guess I looked at it yesterday and talked to John Schmitz about it and ×Boyden Gray ~~Boyd and Gregg~~.

Q. Have you spoken to Mr. Gregg about this document in the past?

A. Yes, we have. We've examined it. It was discovered by Mr. Gregg when we were examining our files.

Q. Did he ask you at that time about -- what did he ask you at that time about either the briefing memorandum or the schedule proposal?

A. I don't believe he asked me anything.

Q. Well, what did you talk about when you found the documents?

A. Well, we were selecting documents that applied to the document request and this was one of them. And it was brought to his attention at that time.

Q. Did he say anything when he saw the document, either the briefing memo, Byrne Exhibit 3, or the schedule

UNCLASSIFIED

proposal, Byrne Exhibit 1?

A. Well, we knew that it contained language that was being questioned at the time, but I don't recall any specific questions of Mr. Gregg.

Q. What language did it contain that was being questioned?

A. The resupply of the contras.

Q. By whom was that language being questioned?

A. By counsel who had asked us to provide the documents to them.

Q. By the Vice President's counsel?

A. Yes.

Q. Did Mr. Gregg say anything about that language to you?

A. No, he did not.

Q. Either when you found the documents or at any time after that?

A. No, he did not.

Q. Did he ask you where you got that language from?

A. We have talked about that.

Q. And what did you tell him?

A. That it was provided to me by Colonel Watson.

Q. Did Mr. Gregg say anything else about that language?

A. No.

~~TOP SECRET~~ UNCLASSIFIED

Q Did he say to you that's incorrect?

A. No.

Q Did he register shock or surprise that it was there?

A. I don't think so. I don't recall.

Q Did he register disapproval of your having sent either the briefing memo or the schedule proposal?

A. No.

MR. BELNICK: I have nothing further.

MR. LEON: Let me just ask a few questions.

EXAMINATION BY COUNSEL FOR THE HOUSE SELECT
COMMITTEE

BY MR. LEON:

Q If I have understood your testimony right, this is a form that you fill out weekly, a number of them weekly, right?

A. Yes.

Q In fact, you probably fill some out daily?

A. Yes.

Q And as I recall the chronology from the Vice President's office, I believe Mr. Rodriguez only visited three times with the Vice President?

A. Yes.

Q And he might have visited on a couple of other occasions with Mr. Gregg. I can't remember the exact number,

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but it was a small number of times, is that right as far as you know?

A. As far as I know.

Q. So he wasn't exactly a regular visitor to the Vice President's office or to Mr. Gregg's office?

A. No.

Q. That's for sure. And you are filling out numbers of these weekly, as you have testified. I guess what I'm having trouble understanding is how it is you can remember today the circumstances surrounding filling out that form that far ago, that long ago, with so many other forms between now and then that you have filled out.

Why is it that you can remember the circumstances surrounding how you got the purpose?

A. Because I went back to my notes of that day. I use a notebook that is dated every day.

Q. Stenographic?

A. Yes. And when I went back to my notes, I found this, notes of my conversation.

Q. With Colonel Watson?

A. No, with Felix Rodriguez.

Q. And did that help you remember the events of that day?

A. Yes, it did.

Q. Now, did your notes contain any passage relating

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to your conversation with Mr. Watson that day?

A. No, no. I was typing at that time. I was just putting together the language.

Q. So I guess what I'm trying to figure out is, as busy as you are and all the things you are doing, how it is you can recall that it was Watson that gave you the passage?

A. He was the only person there. He was the only person in the office who would have been able to provide it, and it was a word that I didn't even know. It was language that I would not have known.

Q. But I just want to be sure of one thing. Is it that you remember him saying it to you or is it that there was no one else who could have said it to you?

A. I recall his telling me. It's my recollection that he told me.

Q. I just wanted to be sure about that, because it's been so long and I know you are doing these things all the time. I know I fill out standard forms all the time and I'll be darned if I can remember.

There wasn't something specific about the conversation, was there, that makes it stand out in your mind?

A. About what conversation?

Q. The one with Watson.

A. No.

Q But you do recall it.

A Yes, I think I do.

MR. LEON: Thank you, ma'am.

(Whereupon, at 10:22 a.m., the taking of the instant deposition ceased.)

____

Signature of the witness

SIGNED AND SWORN TO before me this ______________

day of ________________, 198 ___.

____

Notary Public

My Commission expires:

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OFFICE OF THE VICE PRESIDENT
WASHINGTON

Byrne
Ex 1
6/16/87

April 16, 1986

SCHEDULE PROPOSAL

TO:	DEBBIE HUTTON
FROM:	DON GREGG
REQUEST:	VP Meeting with Felix Rodriguez, a counterinsurgency expert visiting from El Salvador.
PURPOSE:	To brief the Vice President on the status of the war in El Salvador and resupply of the Contras.
BACKGROUND:	The Vice President has met previously with Mr. Rodriguez during his visits to Washington and will be interested in the current information he will be able to provide.
DATE:	Anytime on April ~~22 or 23~~. 28 - MAY 2
DURATION:	15 minutes
LOCATION:	OEOB
PARTICIPANTS:	The Vice President Craig Fuller Don Gregg Felix Rodriguez
REMARKS REQUIRED:	None required.
MEDIA COVERAGE:	Staff photographer
CONTACT:	Don Gregg, 4213
RECOMMENDED BY:	Don Gregg

3813a

Declassified/Released on 28 Aug 87
under provisions of E.O. 12356
by B. Reger, National Security Council

5/1 or 5/2 per Justine

5/1 - 11:30 - ~~OEOB~~ WW

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4/28/86

OFFICE OF THE VICE PRESIDENT
WASHINGTON, D.C.

Byrne
Ex 2
6/16/87

MEMORANDUM

TO: Don Gregg

FROM: DEBBIE HUTTON/djh

SUBJECT: APPROVED VICE PRESIDENTIAL ACTIVITY

EVENT: Meeting with Felix Rodriguez

DATE: Thursday, May 1, 1986

TIME: 11:30 a.m.-11:45 a.m.

LOCATION: WW

ATTENDANCE: 3

REMARKS REQUIRED: None required

PRESS COVERAGE: Staff Photographer only

MRS. BUSH PARTICIATION: No

DRESS: **GENTLEMEN:** Business Suit **LADIES:** ____________

COMMENTS:

Declassified/Released on 28 Aug 87
under provisions of E.O. 12356
by N. Reger, National Security Council

3813b

CONTACT(s): (1) Don Gregg ( ) 4213
Name Area Code Number

(2) ____________ ( ) ____________
Name Area Code Number

CC:
C. FULLER
F. KHEDOURI
D. GREGG
B. GRAY
J. McENTEE
J. FITZGERALD
M. FITZWATER
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T. COLLAMORE
D. RYDER
C. JUDGE
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USSS (3 copies)
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D. QUICHO

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OFFICE OF THE VICE PRESIDENT
WASHINGTON

Byrne
Ex 3
6/10/87

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April 30, 1986

BRIEFING MEMORANDUM FOR THE VICE PRESIDENT

Event: Meeting with Felix Rodriguez
Date: Thursday, May 1, 1986
Time: 11:30-11:45 a.m. - West Wing

From: Don Gregg DG

I. PURPOSE

Felix Rodriguez, a counterinsurgency expert who is visiting from El Salvador, will provide a briefing on the status of the war in El Salvador and resupply of the Contras.

III. PARTICIPANTS

The Vice President	Felix Rodriguez
Craig Fuller	
Don Gregg	
Sam Watson	

IV. MEDIA COVERAGE

Staff photographer

Declassified/Released on 28 Aug 87
under provisions of E.O. 12356
by B. Reger, National Security Council

38130

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CERTIFICATE OF REPORTER

I, Susan A. Harris, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

NOTARY PUBLIC

My commission expires July 1, 1990.

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HPSCI [illegible] /87

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THIS IS A COVER SHEET

FOR

INFORMATION SUBJECT TO

Basic security requirements contained in Department of Justice Regulations (28 CFR Part 17).

The unauthorized disclosure of the information contained in the attached document(s) could reasonably be expected to cause exceptionally grave damage to the national security.

Handling, storage, reproduction and disposition of the attached document(s) will be in accordance with policies and procedures set forth in regulations cited above.

4027

Partially Declassified/Released on 12-18-87
under provisions of E.O. 12356
by N. Menan, National Security Council

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FORM DOJ-385
OCT 83

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DEPOSITION OF ADOLFO CALERO

Thursday, April 9, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan
Opposition
Washington, D. C.

Deposition of ADOLFO CALERO, called as a witness by counsel for the Select Committee, the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, at 10:00 a.m., at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D.C., and the proceedings taken down by Stenomask by MICHAL ANN SCHAFER, and transcribed under her direction.

COPY NO. 1 OF 1 COPIES

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APPEARANCES:

On behalf of the Select Committee:

THE HONORABLE HOWELL HEFLIN

ARTHUR L.LIMAN, ESQ., Chief Counsel

PAUL BARBADORO, ESQ., Deputy Chief Counsel

RICHARD PARRY, ESQ., Associate Counsel

LOUIS ZANARDI, Investigator

PHIL BOBBITT

DEE BENSON

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran:

RICHARD J. LEON, ESQ., Deputy Chief Minority Counsel

KEN BALLEN, ESQ., Counsel

On behalf of the witness:

JOSEPH J.PORTUONDO, ESQ.
Wood, Lucksinger & Epstein
Southeast Financial Center, Suite 3700
Miami, Florida 33131-2369

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~~TOP SECRET~~

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P R O C E E D I N G S

Whereupon,

ADOLFO CALERO

was called as a witness and, having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE

BY MR. LIMAN:

Q Mr. Calero, could you give us a very, very brief description of your educational background?

A Yes. I went to grammar school back home in Nicaragua with the Christian Brothers, to high school in New Orleans, Holy Cross Brothers, to college at Notre Dame, South Bend, Indiana, and then back in Nicaragua I got a law degree at the Jesuit University, but I haven't practiced.

I did some post-graduate -- two post-graduate courses here and attended seminars and other things.

Q And your age is?

A Fifty-five in December.

Q And are you a citizen of Nicaragua?

A I'm a citizen of Nicaragua, yes.

Q And you are a resident of the United States?

A No, I'm not a resident of the United States.

Q You're a non-resident?

A I'm a non-resident, yes. I have refugee status since 1985, I think.

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Q Now prior to the time that the Sandinistas took over in Nicaragua were you a businessman in Nicaragua?

A Yes. I was general manager of the Coca-Cola Bottling Company in Nicaragua, a franchise. The Nicaraguan company, we had a franchise for Coca-Cola for 25 years and I was director of various business enterprises that grew out of the Coca-Cola area, like automobile distributorship, hotel, a ceramics plant, and a refrigerator plant and various other things.

Q And had you been a critic of the Somoza regime?

A Yes, I was a critic, strong critic of the Somoza regime. When I left Nicaragua in 1982, in December 1982, I had been for the last three years the spokesman for the Conservative Party. I was jailed by Somoza in 1978 for about a month and on a few other occasions, too.

Q And when did you leave Nicaragua?

A I left Nicaragua on Christmas vacation in December 1982 and I could not come back because there were rumors that they were after me. Apparently my name had been leaked as belonging to various organizations, especially the FDN, and my home was looted by national security forces towards the end of January 1983.

So I decided to stay out and join the FDN, official category as a director.

Q And when did you join the FDN?

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A Officially as director I made an announcement here in Washington in February.

Q In February of 1983?

A '83, yes. But I had had relations for quite some time, as I had with other exile groups, too.

Q That's Mr. Bobbitt of our staff who just entered.

Could you give us just for the record some description of what the FDN was and how it was founded?

A The FDN came about through a fusion of various groups of Nicaraguans. Some of them, like Berdo Joaquim Gonzalez, who had belonged to the Sandinista military, and other Sandinista guerrillas, national guardsmen who were also gathering to counter the Sandinistas, and people, others like me, who had never had anything to do with neither the Sandinistas nor the Somoza regime.

That was back in 1981. It acquired its name, I believe, towards the end or the beginning. I'm not sure -- the end of 1981, beginning of 1982. It began to be known as the FDN, Nicaraguan Democratic Force. It had a civilian directorate and a military directorate at the time.

I was invited a number of times to participate, but I was still in Nicaragua and I didn't want to come out. I wanted to stay and fight inside. But by the end of 1983, December of 1983 --

Q December of '82 or '83?

TOP SECRET

UNCLASSIFIED

A '82, excuse me, a new directorate came up, the seven-person directorate, and a slot was left in it for me for when I came out. And it was supposed to be in pectore.

Q What is that?

A In pectore is in the chest.

Q In the heart?

A The group decides, but it doesn't come out. And well, of course, that leaked.

Q And that's when you left Nicaragua?

A No, no, because I found out about it in Nicaragua.

I was still in Nicaragua and I had been without a passport for about two months, and finally one of the members of the junta got me a visa to go out for a vacation, and I had all the intention to go back.

Q Now, when you decided to not return and to officially join the FDN, you mentioned that you became a director of the FDN.

A Yes.

Q At that point, which would be the beginning of 1983, did the FDN still have both a military directorate and a political-civilian directorate?

A Well, it was supposed to have only one directorate, which was the civilian directorate, with one military member, six civilians and one military. However, in practice it actually had two directorates.

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Q And you joined the civilian directorate?

A I joined the civilian directorate, yes.

Q And was there a leader of the FDN at that point?

A No.

Q Who was in charge of the military side of the FDN when you joined?

A Well, I would say there was a chief of staff.

Q And who was that?

A That was Emilio Echaverri, and also as a member of the civilian directorate was a man with military background, which was Bermudez, Enrique Bermudez. Militarily Echaverri was at the head, was the chief of staff, but I would say that Bermudez was, say, more respected or more --

Q He was better known?

A Yes, better known and more respected.

Q Now the directorate functioned as a committee?

A The directorate functioned -- I don't know what you mean a committee.

Q Was there a chairman of the FDN at that point?

A No, there was no chairman of the FDN at that point.

Q Was there a person who was first among equals?

A Well, no, there wasn't at that point. We all had different areas of concentration.

Q And what was your area of concentration?

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A My area of concentration was the political aspects, international political aspects. I was doing more writing than anything else. There were others in charge of the -- I think Bermudez and another fellow, Rodriguez, were more, had more to do with the military. Then Edgar Chamorro, who seems to have become famous for denouncing us, he was in charge of publications.

Q Now was the FDN founded in around 1981?

A I believe so, yes.

Q And by the time that you became a member of this directorate in the beginning of 1983, was it engaged in military or paramilitary operations?

A They had already -- the kickoff, let's say, point of the organized Nicaraguan resistance is March 22, I believe, of 1982.

Q And what marked that kickoff?

A The blowup of bridges in the northern part of Nicaragua. One big bridge was blown up. Another was seriously damaged. And the Sandinistas clamped down on the civilian rights in Nicaragua. So that was the kickoff, I would say.

Q Now did you have some information about what the size of the FDN force was when you joined it in the beginning of [redacted]

A We did not have much information.

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Q A rough figure -- 5,000?

A Two thousand, maybe -- 2,500, 3,000.

Q Now, at that point how was the military operation of the FDN being funded?

A I remember [redacted] were there when I came in. There were [redacted] there who were doing part of the training and who were also -- I understood by stories that I was told that there was no direct involvement between Americans and Nicaraguans. All was done through [redacted] but I'm just talking reference.

Q Did you come to understand at some point that the CIA was funding the FDN?

A That was my impression, but it was being done [redacted] at one point, and I don't remember how long after we were there. Then there was a direct connection. Direct connection was established with --

Q The CIA?

A Well, I never saw -- they never showed me the card.

Q But with the United States?

A With people working for the United States Government, yes, whom I gather were CIA.

Q And during this period when the United States was directly involved who handled the procurement of supplies, military supplies?

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A I don't know who did, but all I can tell you is that we were handed over whatever our needs were, and there was a ceiling. I remember talk about a ceiling which was at different levels at different times, and I wouldn't remember.

Q Is it fair to say that the weapons and military supplies were given to the FDN?

A Yes.

Q And that the FDN was not involved in purchasing?

A In procurement, definitely not.

MR. PORTUONDO: Excuse me a second. Adolfo, you have never given a deposition before, but it's difficult for her to write down or copy when both people are speaking. Why don't you wait until he finishes his question; otherwise, she is going to have a very difficult time.

THE WITNESS: Fine.

BY MR. LIMAN: (Resuming)

Q How did the FDN receive the funds to pay its troops?

A Troops were not paid as such. Some of the officers and some of the people in different jobs who had families to support were given what was called family support.

Q And where did that money come from?

A My understanding is that it came from the United

States Government.

Q And do you know how that money was transferred?

A No.

Q In 1983 was there a budget that the FDN had for paying its people?

A Well, I don't remember a budget as such. I mean, I was not connected with that aspect of the operation.

Q Who handled that aspect of arranging for the payments?

MR. PORTUONDO: For family support?

BY MR. LIMAN: (Resuming)

Q For family support.

A To tell you the truth, I don't remember. I know Echaverri would get a certain amount of money and he would in turn distribute it to different people. That was for the military.

Q Do you know where he got that money from? That's from the United States?

A From the United States.

Q Do you know who actually handled the transfer of the money?

A No, sir. It would be impossible. I can tell you --

MR. PORTUONDO: Your answer was no.

BY MR. LIMAN: (Resuming)

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Q With whom did you deal as representatives of the United States Government in 1983 in connection with funding of the organization?

MR. PORTUONDO: It assumes you dealt with someone.

BY MR. LIMAN: (Resuming)

Q He indicated he had earlier.

A [redacted] head was [redacted] and we also had lots of dealings with [redacted] -- he went by many names. I knew him as [redacted] but then everybody began to talk about [redacted] -- [redacted] I'll remember the name later on.

Q And what did he do? What was his role?

A He was in charge of Central America or he was maybe project director or whatever. And then there was another, [redacted] also that we dealt with.

Q Did you deal with Colonel Steele? Did you deal with him at all at that point?

A Colonel Steele? The name doesn't --

Q Did you deal in 1983 with Oliver North?

A Well, I met Colonel North. I believe my recollection was that I met him [redacted] in 1984, but I did not meet him, and if I did, I have no recollection.

Going back to the money, I did not finish telling you that the directors were given also family support and that was given to us at different times [redacted] or put into accounts, into accounts of ours, and as far as I know I

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can tell you about me. I don't know about the others, how they got it.

Q In 1983 where were you living?

A I was really nowhere because I had no status anyplace.

Q Were you spending time [redacted]

A I was spending a lot of time [redacted] Most of my time, I mean, I spent traveling also in other countries, in Europe.

Q And is it fair to say that you were trying to develop political support for the FDN?

A Yes, yes, definitely political support and we were trying to convince people. Our mission, as I remember, was trying to tell the world what the Sandinistas really were, see, because we Nicaraguans were the first to find out what they were doing.

Q Did you know how much the United States Government had appropriated in 1983 for support of the FDN?

A No. No, sir.

Q Do you know what the circumstances were that led to the withdrawal of [redacted]

A No.

Q When did [redacted] come in?

A [redacted] came in in 1983, but before [redacted] came in, when we came in as directors, let's say, there was

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already an invention of establishing a direct relationship between the Nicaraguans and --

Q The United States?

A The United States. Then there was no need for this middle man.

Q I would like to mark as the first exhibit some records that were produced by your counsel, I believe. And let's mark as Calero Exhibit 1 a record of financial expenditures beginning with July 1, 1984.

(The document referred to was marked Calero Exhibit Number 1 for identification.)

And as Calero Exhibit 2 a record in the same form that begins with September of 1985.

(The document referred to was marked Calero Exhibit Number 2 for identification.)

Mr. Calero, I'll show you Calero Exhibits 1 and 2 and can you tell me if you've seen these before?

A Yes.

Q And what are they?

A These are the monthly expenses [redacted] and it's indicated here what it covers.

Q And who prepared these records?

A In our office, in our finance office.

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Q And when were they prepared?

A They were prepared at the time of -- I mean, I cannot tell you when these were copied.

Q Were these records prepared for the Senate Committee and the House Committee or were they kept at the time in this form?

A These records have been kept all along in our offices, and they are records of all our expenditures and there are to the point where it has been possible to keep all invoices. We have a few trunkfuls of invoices.

Q But were these schedules here, these exhibits 1 and 2, are these schedules that were constructed from the records that you kept there?

A I would not be able to tell you.

MR. LIMAN: Do you know how these records were prepared?

MR. PORTUONDO: No. Let me [redacted] he wants to know if what [redacted], Exhibit 1 and Exhibit 2, were something that you prepared for the first time to give to the Senate Committee or are these records which have been made and kept all along when the events occurred [redacted]

THE WITNESS: These records were prepared. I mean, these were written in order for us because we were in the process of reconstructing everything in order to be able

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to present an understandable record of our expenditures.

BY MR. LIMAN: (Resuming)

Q So that these are financial statements?

A These are financial statements which have been taken out.

Q From the original records?

A From records, yes, from original records. I would say yes.

Q And were these prepared at your request?

A They were prepared -- let me see -- I don't know, about two months ago, three months ago. And I asked --

MR. PORTUONDO: When he says "prepared", he doesn't mean photocopied.

BY MR. LIMAN: (Resuming)

Q Let me just see if I understand what happened here, Mr. Calero. The organization kept records of its expenditures.

A Yes, we have records.

Q And kept records of its receipts, correct?

A Yes.

Q And there came a time when there were inquires made of the organization as to how much money it had received and how much it had spent, correct?

A Yes.

Q And you can date that to the time that there were disclosures in the United States about diversion of money from the Iranian arms sales; is that correct?

A Yes.

Q And in order to demonstrate how the funds that you received were spent you had drawn these schedules based on your original records to show in an understandable form how much money you spent each month; is that correct?

A Yes.

Q And the records from which these exhibits were prepared are records that are [redacted]

A Yes.

Q And they were records that were made at the time of the expenditures?

A Yes, which I have never seen.

Q And you have bookkeepers there who keep that kind of records?

A Yes, we have bookkeepers there. In other words, this was not drawn up every month. I mean, this was not drawn up in July of 1984.

Q I understand now. Now, were there records that you received regularly that showed how much was being spent and for what purposes? In 1983 did you receive a report from your financial people?

A I would not see them regularly. I would not see them regularly. But I have a record which is very difficult

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to understand and to follow on account of it showing conversions and all sorts of --

Q I understand that. And what record is that that you have?

A That's a record. It was a report. It's an accounting that I have.

Q It's a report?

A Yes.

Q And who would provide you with that report?

A That report was provided by the head finance man, Mr. Montes [redacted] Oscar Montes is the name he goes by. [redacted]

Q And how often would you receive these reports from Mr. Montes?

A Monthly.

Q And what did you do with your copies of those reports?

A I would have them [redacted] in Miami, wherever.

Q Do you still have those records?

A I have those records.

Q Could we get copies of them?

A Sure.

Q Now if I show you these records maybe you can help explain it. Let's look at Calero Exhibit 1 and the second page in it, which is a compilation for July of 1984; am I correct?

A Yes.

Q Could you tell me there's a heading "concepto". What does concepto translate to in English?

A Concept, account.

Q That's the account?

A Yeah.

Q And under that are various items which are items of expense; am I correct?

A Yes.

Q And the first item says maintenance of personnel, is it?

A Yes.

Q And what does maintenance of personnel represent?

A That would cover --

Q Are those the family allowances or is that some other item?

A That would be -- let me read a little bit more.

Q Take your time. I call your attention to the fact that there is another item called maintenance of troops. Does the item maintenance of personnel mean FDN personnel other than the troops?

A That includes -- this mantenimiento de personal is all our administrative and what we call family support for officers and for air force and doctors and hospital personnel and all of that.

Q But the largest item on this sheet is, as I read it, for the maintenance of the troops. Well, maybe it isn't in dollars, but it's [redacted]

A [redacted]

Q And that would be the family maintenance allowances for the troops in the field?

A No, no.

Q What would that be for?

A That would come out of here. It would come out of here.

Q When you say "come out of here", it would come out of maintenance of personnel?

A Yeah.

Q Then what would be the [redacted]?

A The [redacted] which is equivalent to, let's see --

Q It's equivalent to [redacted]

A Yes.

Q And that's under the heading of maintenance of troops. What was that for?

A Maintenance of troops was food for troops.

Q And the second item here, it says Viaticos. What is that?

A Viaticos, that's per diems and travel expenses.

Q Now this schedule for July of 1984 shows, am I correct, that the total expenditures in dollars after translation comes to about [redacted]?

A Yes.

Q Am I correct that that money is the money that was provided by the United States Government?

A No.

Q Where did that money come from?

A This money in July 1984 we began to receive money from foreign sources. This has nothing to do with United States money.

Q When you say you began to receive from foreign sources, into what account were you receiving that?

A Into the accounts that you already have.

Q I believe that the substantial money that you began receiving from foreign sources into your account began in July of 1984.

A That's it.

Q So this money was being spent out of the money that was coming into the account that you maintained?

A Ye[illegible]

Q And before that, before July of 1984, you also had these expenses; am I correct?

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A Yes.

Q And how was that money being received?

A That was money received from the United States Government.

Q And into what accounts were those monies put?

A They did not go into accounts at all.

Q That money was disbursed directly by the United States?

A It was disbursed directly by the people who were your representatives down there on a weekly or biweekly basis, depending on the type of the expense.

Q And those were the people that you mentioned earlier?

A Yes.

Q Were you aware when you joined the FDN that the President of the United States had authorized the CIA to provide assistance to the FDN?

A Yes. I was told so.

Q And who told you that?

A [redacted] his name was [redacted]

Q And did he have a position with the United States Government?

A Yes. He's the one that I described as being the project director or the chief for Central America. He, if I remember correctly, is the one who told me that this project had the backing of the President of the United States and that it was being funded, obviously, by the United States.

Q And [redacted] I gather, is the name that you were trying to think of before?

A Yes, yes. That's it.

Q Now did there come a time in 1984 before you started to pay these expenses directly out of your account when you were told that there was doubt whether the United States government would be able to continue to provide funding?

A Yes.

Q Tell me about that in your own words.

A Well, through 1983 we were seeing that our project had many detractors, that it had bad press, that it definitely was beginning to turn into a partisan issue.

Q Dispute?

A Dispute. That the President's backing was clear. It was clear the Republican backing was clear. The conservative Democrats were pretty much on our side, southern Democrats, and that we were in more trouble. I mean, it was very obvious since 1983. And then came the time in 1984 when there were no more funds voted, in June -- May.

Q Do you recall that as early as February of 1984 it had become apparent that you would be running out of United

States funds by May or June?

A Well, I don't remember exactly now.

Q Do you remember that there was some advance notice that the funds were not going to be sufficient to cover the full year?

A Oh, yes. I don't remember, though, exactly when that became apparent.

Q I can understand that. Do you remember that the revelations about the mining of [redacted] harbor created some outcry in the Senate?

A Yes, I remember. Yes.

Q And the House?

A Um-hum.

Q And was it at or about that time that you realized that it was going to be very, very difficult to get continued funding from the United States Government?

A Yes. We realized that.

Q [redacted]ust have been a source of some concern.

A Yes, definitely.

Q You had troops who were dependent on the FDN being able to receive money in order to subsist, correct?

A Yes.

Q And this was a cause that you felt very deeply about, correct?

A Yes.

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Q And you were told that the President of the United States felt deeply about it; am I correct?

A Yes.

Q And you were told that many Members of the Congress felt deeply about this cause?

A I heard from them directly.

Q What plans, if any, were made to provide continued funding after Congress' money had run out?

A Well, we began talking about our concern to very many different people, like General Singlaub I remember was one of the first that we saw about this and so many other people that I would not remember. General Singlaub was like -- we felt he was the closest person we had to us.

Q When did you meet General Singlaub?

A I think in the fall of 1983 I attended a meeting of the Council for World Freedom -- no, no -- the World Anticommunist League. So I must have met General Singlaub before that time, in summer 1983, probably, at the CNP meeting, the Council for National Policy meeting, in Arizona I believe it was. I think I met him there.

And we have been close ever since.

Q At that time General Singlaub was not still in the military of the United States; correct?

A No, he was retired.

Q He was retired.

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A Yes.

Q Who did you talk to who was still employed by the United States Government about what other sources of funding might be available once the official funds ran out?

A Well, just at the time there is a meeting that has been referred to, which I have called like a pep meeting, a pep talk, which took place [redacted] when Oliver North -- and I believe that's my recollection of meeting Colonel North.

Q Do you recall when that was?

A June maybe, May, '84.

Q Colonel North's diaries reflect a meeting with you on April 6, 1984 in Washington.

A In his office. I was shown that by the --

Q Independent Counsel?

A Independent Counsel. However, I said I'm sorry, I do not recall that [redacted]

Q You recall that there came a time when you did in fact meet with General North in his office in Washington; correct?

A Oh, yes, but that was after [redacted].

Q So that your recollection is that you first met him [redacted]?

A Yes.

Q And then whatever meetings you had with him in

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Washington were after that meeting [redacted]?

A Yes, because I don't remember. See, as I said, a meeting could have taken place, but I cannot remember it.

Q When you first met North [redacted] was anyone accompanying him?

A Yes. [redacted].

Q Do you remember who that was, what name?

A [redacted]

Q And who else?

A Clarridge, and possibly [redacted] was there.

Q Now I understand how difficult it is to recall from memory a particular date, but let's see if we can fix this in time in terms of events. At the time that you had the meeting [redacted] had it already become apparent to you that funding in Congress was in trouble?

A Well, funding in Congress was in trouble since 1983. As I said, we never knew if it was going to be continued or not [redacted] [redacted]

Q Do you remember that for the fiscal year '84, the United States fiscal year which ends on September 30, that Congress had appropriated $24 million? Does that ring a bell at all?

A No. I don't think -- I wasn't even very much aware of when the fiscal year [illegible] at the time. I was not -- I mean, I had left the United States for such a long time.

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Q Does the figure $24 million ring a bell?

A No.

Q Did the meeting [redacted] take place before the mining incident?

A No, after.

Q So it took place after the mining incident.

A Yes.

Q And tell us what happened at that meeting.

A Well, I mean, that's another thing very difficult to say, but the thing was that, like I say, the way I described it before -- and I would do the same again -- it was like a pep talk, you know, that something would come about.

Q Who was pepping whom up?

A Well, they are pepping us up. I mean, we are the ones who are in bad shape. And we're the ones who have our brothers in the field, you know, under the threat of getting killed.

Q Did they say they wanted you to continue?

A Of course, of course.

Q Did they say that you still had the support of the President of the United States?

A And that he would keep on trying and trying, that he wouldn't give up, that he would try and request again and again and again.

Q Did they say that they would try to find other sources of funds for you?

A Well, I would be saying something that I cannot recall exactly.

Q I'm not trying to put words in your mouth. But you were at a time when if the funds ran out you would have troops starving, correct?

A Well, funds ran out afterwards and we got credit, you know. Now we owe [redacted]

MR. PORTUONDO: Adolfo, please listen to the question.

BY MR. LIMAN: (Resuming)

Q It was clearly a source of concern to you to hear that the United States might not be able to continue funding, correct?

A Definitely.

Q And after the bombing incident you had this meeting [redacted] am I correct?

A Yes, chronologically it was after the bombing. I mean, not on account of the bombing.

Q But it was chronologically after the bombing?

A Yes.

Q And it was at a time when there was doubt whether the funding would continue, correct?

A Correct.

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Q And you did discuss the subject of funding with them?

A We did discuss the fact that possibly -- I don't know if it had been announced already or not that there would be no more money, but that that could be a possibility. I remember talking about that we would have to go to solicit funds, to people, to countries, whatever ways we could fund our effort, that we would get all the help possible in this thing.

Q Who would give you all the help possible?

A Well, I would say Colo[redacted]rth. [redacted]

Q And this was your first meeting with Colonel North?

A Sir, I have gone over that before, and I have said --

Q The meeting we're talking about now is the meeting that [redacted]st meeting with him.

A [redacted]

Q And was Colonel North described to you as having a particular role in assisting the FDN?

A Let's say I could gather that he was a newcomer into this picture, into the situation.

Q How did you gather that?

A The fact of the way of the introduction, and also then I had information and experience after that that he did

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become a primary player in this thing. You see, I would say -- I mean, he became, after a couple of more meetings with him, I realized that he was going to be the interlocutor, let us say, for the United States Government.

Q Now what about Mr. Clarridge? What did you understand his position to be?

A Mr. Clarridge, we didn't see him very often.

Q Had you met him before this meeting?

A Yeah. He had been [redacted] I had met him in Miami, but I don't remember when -- back in '82 or '83, sometime.

Q Did you understand that he was with the Agency?

A Yes. That was my understanding.

Q Was one member of this group -- did one member of this group appear to be the leader of the group at this meeting?

A The one [redacted] you mean?

Q Yes.

A Well, it was Clarridge that appeared to me to be the top person in the group, yes. And there was someone else, but I have no idea. There was someone else, too, in that meeting.

Q Was there someone from the State Department in that meeting?

A I don't recall.

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Q Was it Mr. Armitage of the Department of Defense? Was it Mr. Armitage?

A I would not be able to remember that, because I met Mr. Armitage in an occasion that seemed to me for the first time not too long ago, last year sometime.

Q When you discussed with the members of this group the possibility of obtaining funds from other countries and other persons, do you recall what Dewey Clarridge said?

A No, sir.

Q Do you recall what Colonel North said?

A Well, not at that meeting [redacted]

Q Was there a subsequent meeting in which you discussed plans for continued funding?

A We met once more.

Q When did that meeting occur and where did it take place?

A Possibly here in Washington. I would not remember the date. Or [redacted] it could have been [redacted]

Q Maybe we can get some milestones. You remember that in July of 1984 the FDN started to receive $1 million a month?

A Yes.

Q And were there meetings that took place between the first meeting you had [redacted] with Colonel North and the July date when you started to receive the money?

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A I can tell you now. That reminds me. I gave Colonel North, sometime in June, an account number for a bank.

Q And how did that come about?

A Well, that came about that there was the possibility of foreign sources helping us.

Q Who told you that?

A If I gave him the bank account number --

Q It had to be Colonel North?

A It had to be Colonel North, yes.

Q Do you remember the conversation at all?

A No, I don't.

Q Was it a telephone conversation or in person?

A No. I gave him the number in person, if I remember correctly.

Q Was it in his office?

A In his office I gave him, yes.

Q And did he tell you at that time that he had some good news for you, that they had gotten some money?

A No, no. Then General Secord came into this picture too just about the same time. As a matter of fact, I don't remember who I gave my account number to first or how many people did I give it to. I remember giving it to General Singlaub, to Colonel North, to General Secord. And General Secord spoke about getting money, trying to get

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money for us from, I believe, [redacted] or something like that.

Q Was that before the first $1 million came in?

A That was before. If I remember correctly, it was before -- you see, what happened. Let me explain one thing.

What happens is this: The most important thing for me was that our men would have food, that our men would be able to defend themselves, that our men would not be sacrificed in vain.

So all the circumstances, all the talks that brought this about, I don't keep a diary. I never write anything down. This war that I was in, you know, was supposed to be clandestine. So all the circumstances made it so that sometimes I would purposely not pay attention to detail or to nothing.

Q Mark as the next exhibit a schedule that we prepared from the bank records that you provided to us, which are the monthly balances for the six Calero accounts that you gave us.

A The six what accounts?

Q Well, we call them Calero accounts, but they are the accounts that you had some authority over and they have, as you will see, for each month the total amount of the deposits and then the total disbursements, and then what the balances were.

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(The document referred to was marked Calero Exhibit Number 3 for identification.)

For the record, the accounts are [redacted] in [redacted] which was account [redacted]; the [redacted] account in the same place, account number [redacted] -- the first account was in the name of [redacted] the second account was in the name of [redacted] The third account from which we extracted the information that you gave us the materials on is [redacted], in the name of [redacted]

The fourth account is a [redacted] in the name of [redacted] The fifth account is another [redacted]. And the final account is a [redacted] account at the [redacted] which is also in the name of [redacted]

If you look at Exhibit 3 you'll see that until July of 1984 the amount of activity in these accounts was very little; am I correct? Until you got the $1 million there was very little money that either went into the account or was disbursed.

A Look, sir, that account was a personal account.

MR. PORTUONDO: Adolfo, he just asked you

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something that calls for a yes or no answer.

THE WITNESS: Oh, okay.

BY MR. LIMAN: (Resuming)

Q There was very little activity.

A Yeah.

Q And so the first major activity was when you started to get the $1 million a month; am I correct?

A Yes, sir.

Q And am I correct that it was Colonel North who told you that you would be receiving $1 million a month?

A No, I don't remember that he told me that I would be receiving $1 million a month.

Q Well, who told you that?

MR. PORTUONDO: It has been assumed here that he was told that he would be receiving $1 million a month.

BY MR. LIMAN: (Resuming)

Q Well, were you told that you would receive $1 million a month?

A No. I don't remember being told that I would be receiving $1 million a month. I remember General Secord told me that he was trying to work for a donation of between $15 million and $25 million, and I remember that I informed Colonel North, because I kept him informed of all our activities, our situation. Every time I saw him I would tell him how we were, what we were doing, what were our problems, what were everything.

And so I told him that I had received that, and I don't remember he ever telling me you are going to get $1 million a month or you are going to get so much. I don't remember that.

The only time was when General Secord said that he was working on some friends to get us between $15 million and $25 million.

Q Let's go back to Secord. When did you first meet General Secord?

A I don't remember.

Q Who introduced you to Secord?

A I don't remember. I wasn't introduced as such. I believe that it was through Colonel North and I don't remember if I called General Secord or if he called me on Colonel North's recommendation. But I do not remember. It was here in Washington at a hotel.

Q Was the hotel one on 734 Jackson Place?

A 734 Jackson Place?

Q Does that name mean anything to you, sir -- 734 Jackson Place?

A Well, I met -- if that is the place that's across Lafayette Park?

Q Yes.

A Okay. I met Colonel North there a number of times.

Q Where?

A In an office there.

Q Do you know was there a name on the office?

A If I saw it, I would remember it.

Q Was it called the Commission on the United States Constitution or the U.S. Executive-Legislative --

A Look, sir. What I can tell you is that it is --

MR. PORTUONDO: Adolfo, he is not arguing with you. He is trying to refresh your memory. If you don't remember, just say you don't remember.

THE WITNESS: I don't know the name of the office. I cannot remember it. All I can tell you is it was across the street from Lafayette Park.

BY MR. LIMAN: (Resuming)

Q Who gave you the address to meet him there?

A Colonel North, the person I was meeting.

Q And who was present when you would meet with him at this address?

A I was offered coffee by someone who was there, but I don't remember having anybody present there. I do not remember if I ever met General Secord there. I do not remember.

Q Am I correct that you do not remember the name of the office as you sit here today?

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A No. I remember clearly that it was right across the street from Lafayette Park.

Q Did you meet him in a conference room?

A No. I think it was -- yeah, in a conference room. There was a conference room there, and there was an office, too, downstairs, and there was a conference room upstairs. But I don't remember exactly. I remember meeting him in a conference room.

Q You testified before that the operation of the organization, the FDN, was supposed to be clandestine. Do you remember that a moment ago?

A Yes.

Q Was the purpose for meeting Colonel North at this place as opposed to his office in order to keep it secret?

A No, because -- I don't know why.

Q It was his suggestion?

A It was his suggestion that I meet him there, but I after that met him in his office. So I don't know what the purpose was. It was easier to go there because it was no clearance and no this and no that.

Q I'd like you to probe your memory on this. Do you have a recollection as to whether you met Colonel Secord before the $1 million a month started coming into these bank accounts?

A It would be --

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Q You don't recall one way or the other?

A I don't recall. To me it made no difference, sir, one way or the other.

Q I'm not saying that made a difference. I'm just trying to get a fact, and the fact is that you really at this point, in 1987, do not recall whether you met Secord before or after the $1 million a month?

A It could have been before.

Q It could have been after?

A Yeah. But, I mean, I remember that -- I mean, if I were to really -- you know, I would say before, you see.

Q That's your best recollection?

A My best recollection would be before. But, as I say, there are things that I just simply did not attach that much importance to.

MR. PORTUONDO: Adolfo, Mr. Liman doesn't want to be argumentative with you and you may get that impression. What he's trying to do is give you certain reference points to enable you to refresh your memory. He understands that things that didn't have significance three years ago you wouldn't be able to recall now because they do have significance. He understands that.

BY MR. LIMAN: (Resuming)

Q Mr. Calero, when you started receiving the $1 million a month, did you have any discussion with Colonel

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North as to how long this would continue for?

A No, I did not know.

Q Had you given Colonel North any information as to what the needs were of the FDN?

MR. PORTUONDO: He means in terms of how much money you needed.

THE WITNESS: I would say that he had ways to know that.

BY MR. LIMAN: (Resuming)

Q Why do you say that?

A Because he could have checked with his own government. I remember --

MR. PORTUONDO: Excuse me. Adolfo. The question was asked.

THE WITNESS: Look at my process, Joe. My process is that I am thinking out loud, and you are sharing in my recollection of my thoughts.

MR. PORTUONDO: Take your time and give the answer then. He wants you to be as accurate as you can. He doesn't want you to guess.

MR. LIMAN: I appreciate that we're talking about events that occurred three years ago and that at the time it may not have been important to Mr. Calero to remember whether he was told something by North or Secord or by someone else. I appreciate that he is struggling with the memory and I don't mind his taking his time with his answers.

MR. PORTUONDO: Think to yourself.

MR. LIMAN: This is not a grand jury. It's an effort to try to find out what happened, and I appreciate the effort you are making and the records that you gave us.

THE WITNESS: You understand it is extremely difficult to be able to remember things exactly and to the best of my memory I never knew for how long we were going to receive this. The figure that I heard mentioned clearly was General Secord saying he was going to try to get between $15 million and $25 million.

BY MR. LIMAN: (Resuming)

Q Let me see if I can try to help again, this time using Colonel North's diaries. Do you remember meeting with Colonel North at the Hay Adams at any time?

A Oh, yes.

Q And where would you meet him at the Hay Adams?

A We had breakfast there once that I remember very clearly, and we met downstairs, downstairs in the London Grill or something. We had lunch there a number of times. Yes, I remember meeting him there.

Q Do you ever recall meeting him at the side of the parking lot at the Hay Adams?

A A parking lot? There is no parking lot at the Hay

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Adams.

Q Or the side of the park of the Hay Adams?

A Oh, that's where I referred to, the place you called Jackson Place. That's what I referred to. Across the street from Lafayette Park, which is the park by the Hay Adams, is where I met Colonel North -- three, four, two times. I don't remember how many times.

Q Now I will tell you that the first time that Colonel North's diaries refer either to Jackson Park or to the Park itself are an entry for June 26, 1984, which is just prior to the first deposit of $1 million into the account. Does that refresh your recollection at all as to when you were first told that money would be coming in?

A No, because, see what happens is that my recollection of giving Colonel North my account number was in his office and not in that place.

Q Well, the diary of Colonel North indicates that he met you at his office on June 25, 1984, and June 12, 1984.

A In Jackson Place?

Q No, at his office.

A Maybe June 12, mayb[illegible]ave him.

MR. PORTUONDO: He doesn't want you to guess.

BY [redacted]AN: (Resuming)

Q You had three meetings with him, according to his diary, in June -- two in his office and then a third at

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Jackson Place. That doesn't refresh your recollection?

MR. PORTUONDO: As to what?

BY MR. LIMAN: (Resuming)

Q As to the time that you gave him the account number.

A Account number? I gave it to him in his office. That's my recollection.

Q Do you recall how much time passed between when you gave him the account number and when the money first came?

A No, sir.

Q Do you recall him telling you where the money was coming from?

A No, sir.

Q Did he tell you it was coming from a foreign state?

A No.

[redacted] the Unit[redacted] procurement practices of your organization change?

A Well, before, the United States Government used to supply us with weapons and ammunition and also uniforms -- if I remember correctly, uniforms and boots.

Q And what happened after the U.S. Government funding ceased and you started to receive this money in your accounts?

A Then we started to buy all these things ourselves.

Q And who handled the procurement for your organization?

A Well, it was different people.

Q Tell me who.

A The procurement of boots and uniforms and belts and web gear was handled by my brother.

Q And where was he located?

A He was located in New Orleans. I handled the procurement of weapons and ammunition. And [redacted] we had a procurement office that handled all the food and medicine and local purchases -[redacted]. [redacted] we also began to obtain things, some things.

Q Did you have any expertise in procurement of weapons before this?

A No, sir.

Q So let's get the sequence. The United States Government funding ends, funding starts coming into your back account and all of a sudden you have to become an expert in buying weapons; is that fair to say?

A Well, there were very few things that we were buying, you know. It was not a matter of -- it was a matter of buying only a very limited line of weapons and ammunition.

Q Who gave you advice on where to go to buy the weapons and ammunition?

A Well, the first procurement I got from -- I had met a Colonel in Nicaragua, U.S. military attache, Colonel McCoy.

Q Colonel McCoy?

A Yes. Colonel McCoy. And Colonel McCoy approached me one time and said, you know, whenever I needed anything, you know, I could call on him -- Jim McCoy -- and that he had a connection with a company that could help us out.

Q Was that Gretsch World or Mr. Martin's company?

A At first I got a card from him that said R&M Equipment Company.

Q R&N?

A R&M Equipment Company. And when I found myself in the situation where we were to buy stuff ourselves, then I called on Martin because we were in an emergency and then at the same time also I was speaking to General Secord, who had told me that he could [redacted]tuff, too.

Q Let me give you some dates that we have extracted from your records and maybe this will help put things in a time frame for you. Your first purchase from Martin or Gretsch World, as he called himself, was in August of 1984. Your first purchase from a Secord company, according to the records, was in December of 1984.

A Yes.

Q And between your first purchase from Gretsch World, which was August 7, 1984, was for [redacted] then you bought in September for [redacted] Then there's a wire payment in November for [redacted] And then in December we see the first purchase from a Secord entity called Energy Resources, which is for [redacted]

I tell you this -- I haven't put a question -- just to give you a time sequence from your records. So let's start with Martin or Gretsch World. Who put you in touch with him? Was that McCoy?

A McCoy, yeah. McCoy handled the procurement. I did not meet Martin for quite a while.

Q So McCoy handled the procurement. Did you tell him what you needed, or did he find that out from the commanders?

A Oh, no, no, no. I told him. For instance, I told him that we needed -- the first thing, I don't remember what exactly was the first thing we bought from him, but we got a credit from them for rifles.

MR. PORTUONDO: Excuse me, Adolfo.

BY MR. LIMAN: (Resuming)

Q Th[redacted] Mr. Martin's company?

A Yes, what turned out to be Gretsch World.

Q And how much did you get as a credit?

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A The total amount was about[redacted] which we paid in installments o[redacted]

Q Did you understand that Martin was the principal or a broker?

A I understood him to be working for --

Q Gretsch World?

A R&M Equipment. And it turned out, I found out later, that R&M Equipment were brokers or agents for this Gretsch World.

Q How did you know how many rifles to order?

A Well, from our needs. We were having thousands of people swarming over to us which we could not arm.

Q And who would communicate to you how many rifles you needed?

A Bermudez.

Q And is it a fact that McCoy would deal directly with Martin on what type of rifles you should buy and what the price should be? Who handled the negotiation with Martin on what type of rifles you should buy and what was a fair price?

A We were offered[redacted] G=3s. This was a purchase of opportunity, that the rifles were in --

Q [redacted]

A No. It turned out afterwards they were in[redacted]
[redacted]and that they were in bond, that they

could be given credit and that the price was $300, which was half the price of what I understood the FAL was costing.

Q Who gave you that advice that this was a good price?

A I knew what the price of the FAL was. Oh, McCoy. When I first talked to McCoy -- that must have been in the summer of '84 -- I passed on his card to [redacted]

Q Who was that?

A I don't remember who it was. But I passed on the card for them to check them.

Q And did you get a report back?

A Well, not a report.

Q An oral report?

A Yeah.

Q Who gave you that oral statement?

A I don't remember exactly who it was, [redacted]

Q

A

Q And what were you told about Martin?

A That it was okay for us to do business.

Q Now during this period when you are buying the weapons from Martin and before the first purchase from

Secord, were you seeking advice from Secord on weapons?

A What happened with Secord, you see, with Secord we put together that order months before we made the first payment. You see?

Q The first payment was in, as I told you, December 19, 1984. What was it for? Do you remember what your first purchase was from Secord?

A Yes. He put together for us, and it took a while for the thing to -- ammunition [redacted] I don't remember. I would have to look at the records to know exactly what.

Q Do you remember how long it took?

A A long, long time.

Q To work out the arrangement?

A Well, it took -- the ship came until April.

Q And you began paying in December?

A Well, I don't remember if I paid in December for something else, you see, because in January and February we got three air shipments on an emergency basis.

Q Your records, as I've told you, show a December payment.

A Yes.

Q Do you remember when you first began talking to Secord about supplying you with weapons?

A Possibly in July.

Q And do you know what took all of the time from July till the first of the year to get weapons through Secord?

A That they came from [redacted]

Q And Secord told you he was getting the weapons from [redacted]?

A Yes. He was not getting them directly; he was getting them through a company that had connections there.

Q Did he talk to you about the fact that [redacted] would need some end user certificates in order to make the shipment?

A Yes, and I believe -- I don't remember exactly. For parts of those things there were end user certificates obtained.

Q [redacted] ones?

A Yes.

Q Who handled that?

A Someone in [redacted].

Q Somebody for the CIA?

A No. A friend of ours, a Nicaraguan -- a Nicaraguan friend of ours. But I don't remember what things needed, because I remember one thing very clearly that he said, because it stuck in my memory. He said that the [redacted] sell the rounds like firecrackers, that there was no need for end users.

Q Mr. Calero, do you recall that there came a time when the United States Government adopted the Boland Amendment prohibiting further U.S. funding of military and paramilitary activities of the freedom fighters?

A Yes, I remember the Boland Amendment. I did not remember when it was, when it began to apply. However, I have read.

Q You now know?

A I now know.

Q That it came into effect in October of 1984?

A Yeah.

Q Let me see if you recall a series of meetings that you had in September of '84 with Colonel North and some others. As a way of trying to give you a framework for recollection, let me tell you what North's diary shows.

On September 4, 1984, his diary shows that he had breakfast with you at the Hay Adams at 7:30 in the morning. It shows that at 8:30 in the morning Mr. Clarridge, Colonel North and [redacted] met you at the Hay Adams. That must have been a continuation of the breakfast.

It shows that at 9:30 Colonel North, Mr. Clarridge [redacted] continued the meeting at the Jackson Place office, and it shows that at 11:30 there was a meeting in the Hay Adams lobby with you, Rob Owen, Colonel

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North and Mr. Livingston.

Does that in any way jog your memory of a series of meetings at the beginning of September?

A All those took place in one day?

Q Yes. It was just sort of one series of meetings for you with Colonel North and these individuals after another -- one after another.

A I remember -- I don't remember seeing Clarridge and [redacted] is -- well, I think I know who you mean. He used to go by another name.

Q What name did he go by?

A I'll probably think of it later, but right now it doesn't come to mind. I'm sorry, but I do not. As I've said before, I remember having breakfast very clearly one time or twice with Colonel North at the Hay Adams, but I have no recollection of that particular meeting.

Q Do you recall any meeting that took place at or about the time that the Boland Amendment was passed with Colonel North?

A As I said, I met him regularly. Whenever I came to Washington I met with Colonel North.

Q Do you recall any meeting at which you and Colonel North discussed the effect of the Boland Amendment?

A See, there was so much information on the Boland Amemdment in the newspapers.

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Q Did you have any discussion that you can recall with Colonel North of the Boland Amendment?

A I cannot remember any clear conversation. It doesn't come to mind a conversation. But, as I say, we used to talk about all the things related to us, so I would expect that that is something that could have come up.

Q Did your business with Colonel North continue after the Boland Amendment the same way as before?

A Well, I continued to inform him of our situation, of our needs, of our problems, of our successes, of our position.

Q And did he continue to give you advice?

A Well, I remember I was asked before about did he ever tell you about Sandinista troops. I remember we talked about the Sandinistas massing troops near the border, which was something that we knew. I remember talking about the Sandinistas getting new shipments of Soviet weapons. I remember about seeing pictures, maybe that I saw published in [redacted]

Q What pictures?

A Pictures of Sandinista installations.

Q Mr. Calero, did the method of operation with Colonel North continue the same way after Boland as before?

MR. PORTUONDO: Did you continue to have the meetings and so on?

THE WITNESS: I had answered him. I continued to meet with him. I continued to tell him all our problems, all our needs, all our successes.

BY MR. LIMAN: (Resuming)

Q Did you continue to get funding?

A We continued to receive money in our bank accounts.

Q Did Colonel North have a code name that he used with you?

A Yes, yes.

Q What was that code name?

A He told me that the Soviets listened to everything that we talked on the phone in the east coast of the United States and that we should address each other -- I would call myself Barnaby and he would call himself Steelhammer.

Q Do you remember him introducing you to Rob Owen?

A That's what is not clear. My recollection is that Robert Owen was working for Gray and Company, and because I remember the name recently, Gray and Company, and coming to me with a proposal for public relations.

And I understood that that was on Colonel North's recommendation. But I don't know if I was introduced to him or he came to me with this proposal on Colonel North's recommendation. I do not remember. And I remember, however, that the recommendation or the proposal was not

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taken because it was something expensive and I was doubtful that it would look good to have our effort, which was poor, hiring an expensive --

Q An expensive PR firm?

A PR firm, yes.

Q Do you remember meeting a Mr. Livingston with Colonel North?

A The name does not -- Livingston? What does he look like?

Q Let me go back to that purchase of [redacted] weapons from Secord. How did you arrive at the price that you would pay for those weapons?

A Well, they were quoted by Secord.

Q And was Colonel North present when Secord quoted those prices to you?

A No.

Q When you would communicate information to Colonel North would you tell him what you were paying for weapons?

A Oh, yes. Oh, yes. I told him what we had ordered. As I say, I kept him -- I gave him all the information and I told him the money we have received.

MR. PORTUONDO: Your answer was yes.

MR. LIMAN: You can let him answer.

MR. PORTUONDO: I don't want him to repeat himself.

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BY MR. LIMAN: (Resuming)

Q Mr. Calero, did Colonel North tell you to whom he was reporting this information?

A No.

Q What did you expect him to do with this information that you were communicating to him?

A That the U.S. Government should be informed of what we were doing. We were allies and we also gave information to the CIA people.

Q Which CIA people?

A The CIA people were always snooping. For a while we called them the snoopers because they wouldn't do anything for us and all they would do was look after us, you see.

Q Did Colonel North ever say to you that he wanted to know how you were spending the money that he had raised for you?

A The way you put the question, sir, is --

Q Did he ever ask you to account for your expenditures of money?

A I did submit to him three, four times, a written, you know -- that we have purchased so much this, so much that, an idea of what we were spending. But I never gave him an invoice or anything like that.

Q But you submitted to him some handwritten account

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of what you had purchased?

A Yes.

Q And how much you had paid?

A Yeah, approximate, because it was all from --

Q From memory?

A From memory, yes.

Q And was it handwritten?

A Yes.

Q And when did you first submit such an account to him?

A It must have been in 1985, beginning of 1985, because it must have been after we got -- see, I did not put a big order in until we got the big money.

Q The big money is what?

A The big money we got in February and March. Before then we were getting $1 million, and then the next month another $1 million, and we never knew if it was going to continue, for how long it was going to be.

Q And the big money was the $24 million that you got in February and March of 1985?

A Twenty-four and a half or 24. I don't remember exactly.

Q And when you received that money, that's when you began to submit these handwritten accountings to him?

A No, because before I had given him more or less an

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idea of what were our expenditures, monthly expenditures.

Q How did you give him that -- orally or in writing?

A Well, I must have orally told him about it, and then sent him or given him figures of what we were spending.

Q Did you mail them to him or hand them to him?

A That's a hard one. I remember mailing a few things to him, but I don't remember what. I remember mailing him cartoons that would appear that were funny.

Q I'm going to ask you about this.

A I don't remember exactly, sir.

Q Was it given to him on a monthly basis?

A No, no. Not on a regular basis we didn't give an accounting.

Q Now after what you call the big money came in in February and March of 1985, on how many occasions did you [redacted] believe.

Q And that showed how you were spending the money?

A That showed how much we were, yes. It showed what we had gotten, what we were about to get.

Q In equipment or in money?

A No, in equipment. Just gave him. I don't remember telling him, you know, we got so much money, but I remember telling him, giving him the handwritten -- so many this, so much of that, so much of that.

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Q Where do you remember giving it to him?

A Where? In his office I gave it to him.

Q Did he ask for it?

A We'd start a conversation, you know, and then it's so difficult to determine if he asked or I offered, you know. We came to the conclusion that it was good for him to have that. I think it was good to have, and he wanted to have it. But, you know, it's very hard.

Q Mr. Calero, did you write that out in his office?

A Yes. I believe I wrote it out right there on a piece of paper. I believe I did.

Q And did you observe that he then had that piece of paper typed?

A No.

Q Did he ever give you a typed document that reflected the amounts that you were spending?

A No.

Q Going back to the purchase that General Secord arranged from [redacted] was that the very first transaction you had with Secord?

A Yes, that was the very first.

Q And what steps did you take to make sure that you were getting the best price?

A Well, I had gotten price indications, but more than anything else I trusted that a retired general of the

United States Army, who had, according to what he had said, helped us secure money and had our best interests would be giving us prices that were good.

Q What money did he tell you that he had helped you secure?

A Well, the money that we were getting.

Q Which money -- the $24 million?

A This money that we began to get in July.

Q General Secord told you that he had helped get that $1 million a month?

A No. Well, he didn't say that. He was going to help us get between $15 million and $25 million a month.

MR. PORTUONDO: Listen to his question.

BY MR. LIMAN: (Resuming)

Q Mr. Calero, in July you began to get $1 million a month; is that so?

A Yes.

Q And do you recall that then in February and March you got this $24 million-$24.5 million? You recall that, don't you?

A Um-hum.

Q Now did General Secord at any time tell you that he had helped get either the $1 million a month or that $24 million to $24.5 million?

A Specifically he didn't say I helped you get $1 million a month.

Q Did he ever say he had helped you get that money?

A He said that he was helping to get the money.

Q Who did you thank for getting the money?

A No one.

Q You never thanked Colonel North?

A No one.

Q You never thanked General Secord?

A No one, because he didn't tell me I put so much in there. I just never thanked anyone.

Q Colonel North never discussed with you that you were getting $1 million a month?

A Sir, I told you that I used to keep him informed of what we were doing, but I never knew. Nobody ever told me you're going to get so much, you're going to get $1 million a month, and then so much and so much. No one ever told me that.

Q Before that $24.5 million arrived in February and March were you told that substantial deposits would be made in your account?

A Well, I was told when I gave my account numbers to Colonel North and to General Secord, my understanding was that I was going to be getting money.

Q But that's not quite the same. Did anyone tell you you were going to be getting approximately $24 million in February or March?

A No. The one I remember saying that, I'm trying to get between $15 million and $25 million, the one that I remember saying that was General Secord.

Q Was it a surprise to you when you got a notification from the bank that $24 million roughly had been deposited?

A I was really happy.

Q I have no doubt that you were happy. Were you surprised?

A Well, if being surprised and being happy are associated.

Q Well, you can be surprised and be unhappy, right? You agree with me on that?

A I was surprised and happy, then.

Q You were surprised?

A Yes, I was. I would say I was surprised.

Q No one told you that you could expect deposits of $24.5 million?

MR. PORTUONDO: In addition to what you have already testified to about General Secord.

BY MR. LIMAN: (Resuming)

Q General Secord told you he was going to try to raise money.

A Try and get between $15 million and $25 million.

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Q But he never told you he had succeeded; am I correct?

A Well, I mean he might have led me on to believe that what I had gotten had been through his efforts, you see.

Q After you got the money did you say to General Secord I have received the money?

A Well, I told him, yes. And I said now we can sit down and put in a good order, because the order we had put in before was accumulating. And how you asked me about prices, how did I know about prices. I will tell you how I just remembered.

We made a budget.

Q Who's "we"?

A [redacted] made a budget [redacted] and there was a budget made for [illegible] which we were going to need, how many [illegible] ammunition, that kind of thing. So I used that as my guide, and I was very happy when I found out that we were paying up to 24 cents for the linked ammunition, referring to our budget, and 18 cents for one round of ammunition.

And then some of the ammunition we got from [redacted] costed 7.5 cents per round rather than 18, and the links were free, and that we could link them, and we could obtain

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ammunition for about one-third of what the U.S. Government people were budgeting it at.

Q When was this budget prepared?

A Oh, it must have been the end of 1983. We should have a date.

Q Do you have it?

A I will look for it.

Q Could you produce it?

A We'll look for it. I remember seeing it in a pile of papers not too long ago. If I find it, which I think I will, it must have been prepared the end of '83 or beginning of '84. I don't remember exactly when, but I will look for it. Would you jot that down?

MR. PORTUONDO: He'll remind us when it's over.

BY MR. LIMAN: (Resuming)

Q Was there a U.S. representative by the name of Masterson?

A Masterson?

Q Yes, whom you consulted -- Masterpool?

A Oh, Masterpool. I mean, I met him two or three times.

Q Who was he?

A He was a consultant, a volunteer consultant.

Q For whom?

A For us.

Q For the FDN?

A Yes. And he was in our base camp. I saw him there three times, four times.

Q Did he advise you on procurement?

A No.

Q Did you discuss with Colonel North the fact that you had gotten the $24 million?

A I told him. I informed him about it.

Q Did Colonel North tell you before that money was received by you that it would be coming?

A Not to my recollection.

Q Mark as the next exhibit a document signed Steelhammer, addressed to My Friend, and it appears to be a draft with handwritten markings on it.

(The document referred to was marked Calero Exhibit Number 4 for identification.)

A I read about that in the paper.

Q Would you look at this and tell me whether you've ever seen this document before, including at the Independent Counsel's office?

(Pause.)

MR. PORTUONDO: It's a three-page document, but you can answer the question that's pending. And that is, did you see this at the Independent Counsel's office or have

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you seen this before?

(Pause.)

BY MR. LIMAN: (Resuming)

Q Have you seen it before?

A No, sir. I mean, a letter like that -- I mean, it has many points with which I am familiar.

Q But do you recall whether they were communicated to you in writing?

A In writing, that letter I do not remember seeing it.

Q Did you ever receive a letter signed Steelhammer?

A Not to my recollection.

Q Did you ever receive any writing signed Steelhammer?

A Well, I remember one. I got a little one of these index cards, but I didn't get it from him.

Q Tell me what that was.

A It contained a name, a Cuban-American that wanted to meet me in Miami and gave me his name and a phone number.

I mean, that I remember.

Q And when you say you didn't receive it from him.

A Well, the secretary gave me one time --

Q Fawn Hall?

A Yeah, a piece of paper with the name of a person. I mean, I didn't attach any --

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Q Did you ever see the name Steelhammer written out?

MR. PORTUONDO: As opposed to typed?

MR. LIMAN: Or typed.

MR. PORTUONDO: You just answered that it was on a card.

BY MR. LIMAN: (Resuming)

Q No. He didn't say Steelhammer was on the card. He said there was the name of a Cuban-American on the card. Did you ever see the name Steelhammer on a piece of paper?

A It is possible. Well, I tell you I remember right now I got a phone call at my hotel, that Steelhammer had called, so I've seen it, yes.

Q Other than that?

A I'm trying to think. I just remembered that one.

MR. PORTUONDO: How can you forget a message from Steelhammer? If you remember, you'll remind him of it?

THE WITNESS: Yeah, I'll do that.

BY MR. LIMAN: (Resuming)

Q Did you ever receive any document from Colonel North addressed "My Friend"?

A (Nods in the negative.)

Q If you look at Calero Exhibit 4, [redacted] paragra[redacted] is being delivered via a trusted courier who has no knowledge of the contents but who can help carry out some of

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what this letter is about.

Did Colonel North ever send any document to you via a courier?

A I'm trying to remember if I ever got any document from Colonel North via courier or directly.

Q You just don't recall?

A I don't recall ever getting a document from him.

Q If you look at this document it says: [redacted]

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[redacted]

THE WITNESS: Yes. Right.

[redacted]

BY MR. LIMAN: (Resuming)

Q After those paragraphs that have the dashes in front of them, it says: And now the best news of all. Next week a sum in excess of --

A It's crossed out, too.

Q Next week a sum in excess of $20 million will be deposited in the usual account. While this must be husbanded carefully, it should allow us to bridge the gap between now and when the vote is taken and the funds are turned on again.

Do you recall being given that message in substance orally by Colonel North?

A (Nods in the negative.)

Q The answer is no?

A No, sir. I don't remember. And the way we got the money, I remember my surprise and my happiness when the person who was in charge of the bank account -- it wasn't me -- told me so much arrived. And for me it was all sort of like Santa Claus, you know.

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Q Were you told, Mr. Calero, that this money would have to be conserved by you to last for some months?

A No, not for any determined period. As a matter of fact, for me I sort of felt bad when I didn't see any more money coming.

Q Well, were you told that no more money was going to be coming after this?

A No, I wasn't told.

Q Do you remember that by the summer of 1985 this money had pretty much run out?

A Yes. But then at the end is when we got the --

Q Humanitarian aid?

A Humanitarian aid. We already had -- I had purchased -- I think I exaggerated the purchase of ammunition.

Q You stockpiled ammunition?

A Yes.

Q And you stockpiled weapons?

A We spent almost $20 million, yes, or about $20 million in ammunition.

Q When this money ran out, do you recall that it was at about the summer of 1985?

A Just about, yes. It coincided --

Q With the grant of the humanitarian aid?

A Yes.

Q Do you recall that after this money ran out the FDN started to receive weapons directly again?

A No.

Q Were you ever told that a group of private benefactors were now supplying weapons directly to the FDN?

A No.

Q Were you ever told that General Secord had arranged for the supply of weapons to the FDN?

A (Nods in the negative.)

Q The answer is no?

A No, sir. I'm sorry. I forget.

Q Were you ever told, Mr. Calero, by Colonel North that he was not satisfied with the way in which you had managed money that had gone into this account?

A No. I don't remember it.

Q Were you ever told that Colonel North had arranged for General Secord to assume the management of the procurement of weapons for the FDN?

A Well, he had done it for us.

Q Who had done it for you?

A General Secord had procured weapons for us.

Q But you had paid for them.

A Yes. Also, General Singlaub had obtained weapons for us.

Q And you had paid for those?

A Yes.

Q But were you ever told that instead of the money going to you and you then paying Secord or Singlaub for the weapons that they were going to purchase the weapons with funds being given to them directly?

A No, no.

Q Not through you?

A No.

Q You were never told?

A No, I was never told what you are saying. I was never told, no.

Q And were you ever told that an air strip was going to be built[redacted]?

A I heard about the air strip, which I had nothing to do with.

Q But you heard about it?

A I heard about it and I've been asked about it, and I've been trying to think where I heard about it or how I heard about it.

Q But, Mr. Calero, the one thing you knew was that you were not paying for the air strip.

A We had nothing to do with it. [redacted]

Q When you heard of this, did anyone tell you where the money was coming for that?

A No.

Q The answer is no?

A No, sir.

Q To your knowledge from the time that this money in your account ran out sometime in 1985 until Congress made available money ~~for weapons~~ again in October of 1986, did the FDN receive any weapons?

A The weapons we purchased.

Q Apart from what you had purchased before your money ran out.

A Not to my knowledge.

Q No one told you that there were any kind of air drops of weapons?

A - No. Well, the air drops of weapons were weapons of ours that were being air-dropped.

Q Who was paying for the dropping of those weapons?

A I don't know who paid for it. Let's see. I remember that I learned about it after it had been established and I remember that I told Colonel North about it. And I remember saying that it was lousy service we were getting.

Q But you were getting a service for which you weren't paying?

A For which we weren't paying.

Q But you're an experienced businessman, so you know you get nothing for nothing, right?

A I am very much experienced in making a profit. I used to be experienced.

Q Now when you spoke to Colonel North about the fact that you didn't think that the service was good --

A I expected that he could do something about it.

Q Did you ask who was dropping this out of the sky?

A No, no. I did not inquire.

Q Did you ask who was paying for it?

A No, I didn't ask who was paying for it.

Q Did he tell you who was handling it?

A No.

MR. PORTUONDO: Wait until he finishes his question, please.

BY MR. LIMAN: (Resuming)

Q When you complained about the service did he have any comment?

A He probably did, but I would not remember what it was.

Q Did he tell you Secord was handling it?

A No, he didn't say, to my recollection. He didn't tell me that Secord was handling it. I didn't see Secord after about the summer or fall of '85. I did not see him again until February of '87. He disappeared from sight --

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from my sight anyway.

MR. LIMAN: Could we take a break for lunch now and then resume? Would you have enough time if we resumed at 1:30?

MR. PORTUONDO: That would be plenty of time.

THE WITNESS: More than enough.

MR. PORTUONDO: Can we ask now if you intend to go --

MR. LIMAN: I think I need two more hours.

(Whereupon, at 12:15 p.m., the taking of the instant deposition recessed, to reconvene at 1:30 p.m., the same day.)

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AFTERNOON SESSION

(1:30 p.m.)

Whereupon,

ADOLFO CALERO,

the witness herein, having been previously duly sworn by the Notary Public, was further examined and testified as follows:

MR. LIMAN: Would you mark as the next exhibit this document?

(The document referred to was marked Calero Exhibit Number 5 for identification.)

MR. PORTUONDO: Before you go on to the next exhibit, Mr. Liman, Mr. Calero and I have talked over lunch and reflected on some of the questions you have asked him. I think he should clarify a few things. I can go ahead and say it and he can confirm it, and you can follow up on it.

Basically he said in regards to the issue of whether or not North ever told him who was paying for the air service, he told me that he recalled that North had said to him that a private group.

THE WITNESS: But not who.

MR. PORTUONDO: And nothing else. You can go ahead and ask him, if that will help somewhat.

He also recalls in regard to the Clarridge and

North meetings, he does recall a luncheon with Clarridge and North in Rosslyn, Virginia.

In regards to the park issue, he said he has a vague recollection of walking with North in a park.

THE WITNESS: Lafayette Park. I don't know if we met there or if we came out of the place and sat at the park or talked in the park.

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. LIMAN:

Q I appreciate your amplification of the record and, as I told you before, I understand we're talking about events that occurred years ago and you've had many, many conversations with many people. So I'm appreciative of that.

On the first point that was just raised, you have a recollection that Colonel North told you that a private group was paying for the air service.

A Yes, a private group.

Q Tell us when the conversation occurred and what was said?

A I couldn't say when but it was at the time that this air service was going on.

Q And what was your understanding of the air service? What was it doing?

A It was helping us. We always had a logistic problem, always. Today we have the same thing. And they were to deliver stock that we had to deliver inside Nicaragua.

Q And where were they getting the material that they would be dropping?

A From our warehouses, because they would come to our warehouse [redacted] and they would take the stuff. I was never there. I never met the people in charge of that. Captain Cooper was the manager of the whole thing and he was the person that contacted and spoke to our people down there. And he was the one who would fly the plane. But I never met any of the people.

Q So you understood that the air service would pick up weapons or munitions that were in your warehouses [redacted]

A And they would deliver them to Nicaragua, yes.

Q And these would have been arms or munitions that you had already paid for?

A That we had already paid for, yes.

Q Did you have any understanding that in addition to that a private group was paying for an air service to deliver either weapons or munitions that were being paid for by the private group?

A No. The only thing was that we were short-shipped in the big shipment that came from Europe arranged by

General Secord. We were short-shipped, if I remember correctly, M-79 grenades, 40 mm grenades.

Q Was that the first sealift?

A No, no, no. It's the second. We had two sealifts from Secord.

Q And so you were short-shipped in the second one?

A We were short-shipped, yes, and we were short-shipped that, and I believe C-4 also. And I wouldn't know what else. And those things came at some time. It must have been in the late fall.

Q Of what year?

A Of '85.

Q But that's what you had already paid for?

A Yes, what we already paid for.

Q But so far as you know, Mr. Calero, all of these weapons or grenades or ammunition that you received, the FDN received, were paid for?

A Were paid for yes, by us.

Q Were paid for by you. And you have no knowledge of Secord delivering you weapons that were paid for by others?

A No, sir.

Q The second thing was a recollection that you have of a meeting in Rosslyn, Virginia with Dewey Clarridge and North. Tell me about that.

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A Well, it was like for, you know, an old times' sake meeting.

Q When do you place the date of that?

A I would not venture, but it was after Mr. Clarridge -- after he had left the service in Latin America.

Q And was it after the CIA had been excluded from support for the freedom fighters?

A Well, when is your date?

Q I would put that date as October of '85.

A Yes.

Q October of '84.

A It was after that date, but I don't know if the meeting was in '85, the lunch was in '85 or '86.

Q And what do you recall being talked about at the lunch?

A How things were, you know, how things were going. Like I say, it was more he wanted to know, apparently, how we felt, how things were, the long way we had come. You know, how we had survived and that kind of things -- how we were doing. It was just -- I would call it an old times' sake meeting as far as Mr. Clarridge was concerned, yes.

Q Do you remember anything about that meeting, the walk that you had with Colonel North in Lafayette Park other than that you walked there?

A No.

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Q Were you walking from one place to another?

A You see, what happened was this. I was probably staying at the Hay Adams because I used to get a place there, or the other hotel I used to stay at at that time was the Carleton, the Sheraton-Carleton. That was right, you know, very close to each other. And the Old Executive Office Building was on the other side of the park, and I was on the other side. So I remember that maybe it was we came out of this Jackson Place and walked in the park.

But I remember talking to him in the park.

Q Going back to the period of 1984 when the first $1 million, the first monthly $1 million, what discussions did you have with any representatives of the United States Government about how you would be able to manage, now that you had to handle the procurement rather than the United States Government?

A I find no answer for that.

Q No recollection?

A No recollection. I mean, I just got into this. As you can see from the items listed there, there were not very many items that we had to get, you know. It was not a very complicated matter.

Q But you had never bought a weapon before 1984?

A If you see who we bought weapons from, we bought weapons from a former colonel who I knew before.

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Q That is?

A McCoy. A former general that was introduced somehow by Colonel North.

Q That's Secord?

A Secord. Another former general whom I had met before, General Singlaub. So I was very much afraid of the arms because I had heard a lot about the arms dealers and arms merchants.

Q So you chose people whom you considered to be trustworthy and whom the United States Government had recommended?

A No, no.

Q McCoy was recommended?

A Well, no, McCoy was not recommended.

Q I thought you said that you checked on McCoy.

A I checked on McCoy.

Q And you checked on Secord?

A And they said nothing against McCoy and Secord I had met.

Q Through North?

A Through North. So, I mean --

Q That was a good recommendation?

A The fact that they were former American officers was, for me, a recommendation. I was not afraid to enter into this type because I had read a lot about these arms dealers that were, you know, not very good people and all of that. But I felt good with these people -- best of all, I'll be very frank, with General Singlaub.

Q Mr. Calero, did North ever say to you that he wanted you to deal with Secord?

A I don't recollect, but I dealt with Singlaub after I had dealt with North, and there was no objection, I would say. I didn't feel that I was forced to deal with Secord, but I felt in a way that if he had helped to get us money, if he had gotten us materials in [redacted] before, I could, although I felt best, as I say, with General Singlaub -- I mean, I had a lot of confidence, blind trust, in him.

Q Were there any incidents with Secord that gave you any reservation about doing business with him?

A No. But I did not feel as good, let's say, with him as I felt with, let's say, with General Singlaub. The more contact I had with him, the more I appreciated him and liked him.

Q What was it about Secord that -- you are having a difficult time verbalizing it and it's there.

A Maybe his ways, his personality.

Q I don't know him, so maybe you can describe it, the way he dealt with you.

A Maybe too self righteous. I don't know. I mean, it's one of those gut feelings that one has about people, you know. So if you compared the two, as I said, General Singlaub and Gene[redacted], I mean, General Singlaub was all heart as far as I'm concerned, and I didn't think the other one was that way.

But -- maybe General Singlaub one time made a remark -- I'm trying to recollect. I don't want to put words in General Singlaub's mouth he didn't say.

MR. LIMAN: Off the record a moment.

(A discussion was held off the record.)

BY MR. LIMAN: (Resuming)

Q Did Secord ever express to you any dissatisfaction with the way that the FDN was running its operation?

A No, because he didn't know how we were running our operation. But I remember now that he told me, when I told him that I was going to buy some rifles and some things from General Singlaub and I told him the price -- not from General Singlaub. General Singlaub had friends that were going to get them for us, and I told him the price. He told me, well, he's never going to be able to deliver that. He said something like that. He won't deliver or it's impossible.

Q The price was too low, according to Secord?

A Yeah, the price was too low.

Q Did you ever have to negotiate price with Secord where he came in at one price and you negotiated it down?

A I would always try and get better prices.

Q Did you ever succeed or did he give you a fixed price?

A Most of the time I would say he would say he would try and get a better price, and I believe he might have in a few items.

Q Let's look at this schedule, Exhibit 5. Have you ever seen this before?

A I believe, if I remember correctly, I wrote this longhand. That's what I referred to.

Q And this is the document in longhand that you gave to Colonel North; am I correct?

A I believe so, yes.

Q And I will tell you that this document was typed in Colonel North's office. That's Exhibit 5.

I'd like to review it with you. The first heading is independent acquisition. Does that refer to the items that you acquired through Martin?

A Yeah. These items were acquired through Martin, the rounds and the magazines, I believe. Let me see. Where did I get those? That must have been it. But the rounds were [redacted] and the [redacted] hand grenades came to us, and the [redacted] -- I mean, it was a very close figure to [redacted] but apparently I just rounded.

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Q [redacted] G-3s, they came to you? They were delivered to you?

A To us, yes.

Q And if we look down to the next item, it says airlift number one, February 1985. Now, do you recall from whom you got airlift number one?

A This was airlift number one, airlift number two. Apparently there are only two airlifts here, but I believe there were three, but it could be only two. Or maybe two as of April 9. Those were Secord.

See, what happened was we were waiting for the [redacted] order that took a long, long time and delayed immensely, and we came to a point where we couldn't [redacted] and we needed urgently ammunition. And so we got these two airlifts.

Q Now those were obtained from Secord. Sealift number one, which is an April arrival, do you remember where you got that?

A [redacted] That's [redacted].

Q And that was from Secord also?

A Yes, Secord. Yes, sir.

Q Now was sealift number one negotiated with Secord in the summer of 1984?

A Sealift number one?

Q Right.

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A Oh, yes, it must have been negotiated sometime in August, I believe.

Q In August?

A Yeah.

Q Was that your first transaction with Secord?

A That was the first transaction with Secord, although, of course, coming from a shorter distance and by air the other transactions, the airlift came before the sealift.

Q And that's because the sealifts were slow in arriving?

A We used to call it [redacted]

Q And sealift number two also came from Secord?

A Also came from Secord, yes.

Q And what was the origin of those weapons?

A It was various origins. As you see, HK is German, Hauklan and Koch, AK magazines are Iron Curtain. The GIP-3 rifles are German. The M-79 grenades are U.S.

Q And where was the ship coming from, do you recall?

A I have no --

Q Was this a European ship?

A [redacted] That's what I was told.

Q Now if you look at this schedule, the items airlift one, airlift two, sealift one and sealift two are all Secord purchases, correct?

A Yes, sir.

Q And then the first one is called independent acquisition. Do you see that?

A Yes.

Q Was that word "independent" your word?

A I don't recall if it's my word or not.

Q Do you know why you would refer to that as independent?

A No, sir. I don't know if that is my word, if I put that down or not. This was taken off from something handwritten by me.

Q Now there was also a sealift of material that came from Singlaub, right?

A Through.

Q Through him. I'm not suggesting that General Singlaub was the principal. He --

A Arranged it.

Q Arranged this. And when did that come?

A That came, if I remember correctly, right after this other one.

Q Right after the May one?

A It must have come in July-August.

Q And where did that come from?

A That came from [redacted].

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Q So you were able to get weapons and ammunition from [redacted] from [redacted] and from Western Europe to help you in your struggle with the Sandinistas.

A And the easiest thing to do is to get [redacted] weapons because they are anxious to sell.

Q To get the hard currency?

A To get the hard currency, yes. And [redacted] the same thing. I was invited to [redacted] by some [redacted] to [redacted] but I was afraid.

Q I don't believe that you are afraid of anything, given the difficulties you've had to go through.

A But they are unnecessary risks that I'd rather not take.

Q Was the person who invited you to go [redacted]?

A No, no. I don't remember. Some man. I wouldn't remember his name.

Q While we're still with this exhibit, as I understand it you used the money that had come into your account to purchase these weapons as well as to provide for the maintenance of the troops and the organization during the period of the cutoff.

A Yes.

Q And you bought more weapons than you immediately needed in order to stockpile them?

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A Yes, in order to have sufficient amount of weapons, and the last purchase I made was more on account of the fact that it was such a good price that, you know, I wanted to take advantage of it.

Q And that was the purchase that was arranged through General Singlaub?

A Through General Singlaub, yes.

Q And did you at any time after you had completed these purchases and before the United States Government funding got turned on again in the fall of 1986 ever ask Coldnel North to arrange for more purchases of weapons?

A No, sir. He did not arrange for these purchases.

Q Did you ever ask him to arrange for any purchases of weapons during that period after you had run out of money and before the government funding got turned on again?

A No. I mean, I remember discussing with him the ne[redacted]se the helicop[redacted] really -- the beginning of September of '85, August -- well, August or September of '85 -- the Sandinistas began to make heavy use of the helicopters, of the MI-24s.

Q Those are the Hinds?

A The Hinds, yes. So we talked a number of times about ground-to-air missiles, the need we had -- you know, how urgent that was -- but we just talked.

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Q Did you ask him to help you get them?

A Well, I must have. I must have. I don't remember how I worded it, but I must have. I told him of the urgency of our need, of the necessity of those things.

Q What was his response?

A I'd sure love to. I wish you had them. I'd sure love to be able to do something.

Q But you didn't get them?

A No, we didn't get anything.

Q Did you ever discuss it with Secord?

A No, because, see, I didn't see Secord from that time on, until I found him at the Independent Counsel. I discussed -- the one that I discussed this more with was with Martin, whom I had met, and he did try to get them for us, but it was very, very difficult.

I talked to General Singlaub about getting ground-to-air missiles, but then we had no money. And I remember that the package -- these were SA-7s, and we were more interested in the blowpipe. The SA-7s are heat-seeking and we had been told that the Hinds had these heat deflectors. So, you know, we were thinking about blowpipes. But the SA-7s, I remember, cost at the time some figure that was quoted. And then I got quotations, I got letters from all sorts of dealers -- $160,000 for three state of the art, they would call them, start of the art, the latest Soviet ground-to-air missiles -- three missiles and one launcher. $160,000.

So that was a lot of money and we didn't have money then. We didn't get any more money after that.

Q After the money stopped coming did you ever ask Colonel North why it had stopped?

A Well --

Q Or anyone else?

A I'm working from memory. See, you have to know my personality. I wouldn't come to anyone and say, you know, give me money. I mean, for me it's very difficult to do that. I must have said, my God, I wish we were getting help. I mean, we're not getting help. Nothing has come. Maybe that was my way of asking. Then General Singlaub, I remember, at some point took a trip and I was more relying on maybe that General Singlaub could do something, took a trip to [redacted] and talked to friends in [redacted] that he had, very good friends [redacted]

Q And [redacted]

A And [redacted] But he wasn't given the support.

Q Support from whom?

A The support from his government.

Q Which government?

A From this government, the U.S. Government.

Q He told you that?

A Yeah, he told me he was not given support, that he had talked to his friends and everything, but they would wait for some kind of a signal, which apparently they did not get. And that's why he was not successful in getting the money.

Q Did General Singlaub ever tell you he was being cut out?

A Well, I remember that General Singlaub told me that he had been told by Colonel North to stay away from him.

Q To stay away from whom?

A From Colonel North. That I remember.

Q Did he tell you why?

A Too much high profile or something. I would not recall exactly, but he told me this. He told me I haven't seen Ollie in months.

Q Did he ever say to you that North preferred dealing with Secord?

A No, no. I don't remember it being put in those words, no.

Q You didn't see the two as rivals for supplying the liberation forces?

A No, no. I did not see the two as rivals. And, as I say, I'm buying from one. I went and bought from the other, and I felt that I had absolute freedom to do that.

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And I would not know if they were pleased or not pleased, and I didn't ask.

Q But chronologically at least after you bought from Singlaub the money stopped -- chronologically at least.

A Yes, chronologically. Chronologically it stopped.

Q Now I'm going to ask you to search your memory for what you thought at the time. Did you associate the end of the funding with the fact that you had done business with Singlaub?

A No, sir. I did not associate it because the last money I got was in March and Singlaub, I started dealing with him maybe in May, June -- May I think it was. Was it in May?

Q Our first record of payments to General Singlaub for shipments that were arranged by General Singlaub would have been April 26, 1985, which would have been $2 million. And then --

[redacted]

A Three million three?

Q Three million three in May.

A Well, that's it.

Q And on that the reference is "to be picked up by Claude". Do you know who Claude was?

A No. That's expecting too much from me.

Q I didn't know whether that was a code name.

A Well, it was for them. This was done this way.

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You know, they gave me an account number and the indications, and I would order my lawyer friend to send money to such and such a place, and that was it. But now that you mention it is the first time that that has come up.

Q Were you purchasing for just the northern front or also for the southern front?

A Well, we did not purchase for the southern front as such, but we supplied the southern front.

Q With money?

A With money and with ammunition and weapons. We made a few flights. They are filmed. One air drop is filmed. There was more propaganda in the south than we were.

Q Let me go back to some documents. Over the period of the account we notice that there were payments of some [redacted]

A [redacted] to [redacted] and [redacted] some-odd to [redacted]

Q And that was for the southern front. Your account also indicated that there were travelers checks totalling some [redacted] What were they for?

A The travelers checks we used to send -- first before we got this thing rolling, before we made contacts that would make transfers through accounts in the States and delivery [redacted] we would do most of our business through travelers checks, and we would do a lot of the purchasing with travelers checks, too.

But then we started to use -- see, we had a currency broker [redacted] who had a bank account in the States. We did it through various ones. Then we would deposit in the States and they would deliver [redacted] in [redacted] at the parallel rate, which always higher. And then travelers checks we used for -- it was a very convenient way and we were not charged for them by the bank.

Q When did you last see Oliver North or speak to him?

A Late October or the first of November that I saw him. And then I went to [redacted] and on my way back [redacted] [redacted] in Miami I was ambushed, as I said, by a crowd of reporters who, you know, said what do you say about the gun money.

Q About the diversion -- so-called diversion?

A The diversion of money, about Colonel Poindexter resigning and Colonel North being fired. And that was very shocking to me, really. That night, after I went to some newscasts and everything, you know, because they were all after me, I came home and I called Colonel North at the National Security -- what do they call it -- SIGNET?

Q SIGNET?

A SIGNET, right, which was a very easy number. I recall it to this day -[redacted]

Q And what happened?

A And he answered the phone and I said, Ollie, I'm shocked to hear what's happened and I feel very deeply and I pray to God that everything will turn out all right. And I don't know of any money. And he said, well, thanks buddy -- he used that word, "buddy" -- thanks, buddy. Things will come out all right and God bless you. Via con Dios, he would say all the time, via con Dios. And then that's the last time I have talked to him.

I've been told that I could see him or talk to him because it's not against the law, but I have not done it.

Q Did you ask him in the conversation about this so-called diversion of funds?

A I said, I don't know anything about this. I told him I didn't know. I didn't ask. I said I don't know about anything. I haven't gotten all [redacted]hat they say I got. I haven't gotten any money since [redacted]

Q [redacted]85.

A I had gotten [redacted].

Q Right, but not big money.

A Not big money, no nothing. And I don't know what he said, but he was not very talkative. I imagine he must have been -- and he said, you know, everything will be all right. This is crazy, all this money. And I believe he

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used these words: this is all crazy. Or something like that.

And then he said things will be all right and via con Dios, or something like that. And I don't remember exactly.

Q Did you ever meet Admiral Poindexter?

A Yes. I met Admiral Poindexter. First, he came into Mr. North's office one time when I was there, I believe.

Q When?

A I don't remember. And then when I saw the President.

Q When was that, what year?

A We saw the President the first time in April, I believe. It was in April '85.

Q What was the meeting about?

A He met with the resistance, the Nicaraguan resistance and it was a protocolary thing, I would say. And then we met him again after the vote when he told us --you know, it was a pep talk.

Q This was the vote --

A The vote that we lost.

Q The vote that cut off the funds in 1984?

A No, no. I never met -- in 1984 I never met the President. The first time was in 1985, I believe. I'm not too sure. And then I think we lost the vote -- no, no, when we lost the vote in 1986, because soon afterwards we won the vote.

Q This is when the House first voted against?

A When the House first voted against.

Q Against the aid.

A It was almost a public meeting, you know.

Q Now Poindexter was at one or another of these meetings with the President?

A Yes.

Q Did you ever have any discussions with Admiral Poindexter?

A No. I don't remember having much of a conversation with Admiral Poindexter, no. I don't remember ever seeing him alone or anything.

Q Did you know Mr. McFarlane?

A Yes, I know Mr. McFarlane. I believe the first time I met him was [redacted] and I had about a 20-minute talk with him.

Q Was that in 1985?

A No, 1984.

Q And was that when he made a trip just before the inauguration of the President for the second term? Do you remember that, January of '84?

A January of '84? I don't remember when it was. I remember that he was[redacted]

Q Do you remember what he said?

A I did most of the talking. I mean, I remember him as a very tight-lipped man, not very talkative, and he wanted to know how things were. And I told him. I explained to him our situation and our position. I think that must have been sometime in --

Q It was in January of 1984?

A It was in January?

Q Yes.

A He was not there after.

Q Did you also meet him after? I know you mentioned January of '84. How many times did you meet him [redacted]

A Once. I only saw him once.

Q January of 1984?

A I met him in January 1984, and then I saw him again here once, twice, three times. When we saw the President the first time he was there. Then I don't know if I met him before or after I met with him.

Q Did you talk to him about getting more funding?

A I talked to him about our needs. Definitely I must have told him our needs. Oh, yes. But that was -- let's see, I'm trying to think if it was in both meetings. I'm trying to remember when. You see, I must explain to you

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so you know my situation, that I never kept -- you saw my appointment book. You know, I started writing in it and then I just let go on it and never wrote another, and then for one year I didn't buy a memorandum again.

Q Did Mr. McFarlane ever talk to you about arranging for funding for the Contras?

A I have read. After that I have read that he had something to do with [redacted] or something, that he had been offered something, but I am trying to think. As I say, I found him not very talkative and he would listen. Maybe he did say in that January meeting, you know, we will see what we can do or something like that. But I don't remember any exact. I would be putting words in his mouth if I told you that he told me this and that or if I left a meeting with him real happy, I would remember it.

Q And you do not recall any separate meetings with Admiral Poindexter, as I understand it.

A No. I do not recall any.

Q And in your meetings with the President of the United States, these were meetings which were group meetings?

A Group meetings, yes, sir.

Q And those were meetings in which he pledged to try to get support for your cause?

A Yes, vital support. He asked for it.

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Q Let me go back to November of 1984, which was right after the Boland Amendment ended U.S. aid. Do you recall telling any United States representative at that time that [redacted] had ceased to support the FDN?

A No, because they never supported us before. In 1984 [redacted]?

Q Yes. Had they provided any technical support?

A No, sir. I remember talking to a man named [redacted] I think his name is one you have a copy of; he was the [redacted] for Central America -- and asking him for help, and he said well, we'll see. You know, it's a difficult situation [redacted] But we'll see. Maybe with medicine we can start, but we never got anything from them.

Q Did you ever try to get any help from [redacted]?

[redacted] over there and said, you know, [redacted] This thing can be done again, et cetera, et cetera. And then he said I don't know what we can do.

Then one time he called me back. I don't know precisely the dates. He called me -- yes, he called me in, I believe it was, '85. No, in '86 he called me, in April of

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'86. I remember because in April of '86, I will never forget, that's when we had our internal problems. And he called me to come to Washington. I was very enthusiastic and when I came to Washington he told me he was about to retire and that he was going to set up a company and wanted to do business.

So I said, okay, sir, we'll take anything on credit, you know.

Q You should have shown him your bank account at that point.

A And then he said, well, that's very difficult and I think we would require letters of credit. So it came to an end.

Q Let me ask you, let's go back to November of 1984.

Do you recall learning in November of 1984 that the Soviets had delivered the Hind helicopters to the Sandinistas?

A Well, I recall talking about the Hinds arriving, you know.

Q Do you remember talking to Colonel North about it?

A Oh, yes.

Q Do you remember telling him that you were upset that the CIA hadn't warned you that these helicopters were arriving?

A Well, I complained many times -- I don't remember if it was in November -- that we would get no help from the

CIA and that the CIA only served their own purposes and that they would want to snoop on us and try to find out what we were doing and what we were thinking even, and that they would give us no help at all.

And I remember complaining, but I don't remember the times that I did, nor do I remember when I did it.

Q Am I correct that the reason that you would communicate this to Colonel North is that he appeared to be sympathetic to you?

A Yes, he was definitely sympathetic. I don't know if you know Colonel North, but he seems to be -- he's a very dedicated person. He has a warm -- I mean, you know, you can't help liking him and appreciating him. And he was very sympathetic, yes. And he would have ears for us, you know, for our crying, I would say.

Q Did you ask him to provide you [redacted] any intelligence so that you co[redacted]troy these helicopters?

A [redacted]ut that, but the helicop[redacted] everybody knew [redacted]e Manag[redacted]ecause people would see them there, and we knew they were there, and we knew that they were building the airport in Punta Wette and that when that airport in Punta Wette was built that had underground storage that they would be transferred, and that the best thing would be to destroy the helicopters on the ground like the Viet Cong used to do.

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But we didn't have the expertise. Yes, we talked.

Q Did he provide you with any intelligence on that?

A That's difficult. I will tell you one thing, sir. This I know for a fact, that we never did, we never did any military action -- because I don't know what intelligence is and I don't know what general knowledge is in many ways, and I don't know what's sensitive. I don't know what is not sensitive. I mean, I couldn't judge that.

But I can tell you one thing. We never took any action on account of any information provided by Colonel North, whether it was intelligence or just plain information or just --

Q Did Colonel North ever tell you that he couldn't help you in any request you made because of United States law?

A He would [redacted] was always on the edge. I remember he didn't use that word, but -- [redacted]

Q You mean U.S. law?

A Yeah, that's what he referred to -- being --

Q On the edge?

A On the edge. In other words --

MR. PORTUONDO: Walking a tightrope?

THE WITNESS: Yes, walking a tightrope or, how would I put it -- that he was conscious of a law and then he was trying to --

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BY MR. LIMAN: (Resuming)

Q Walk right up to the edge?

A Yeah, that was my -- I mean, I don't know in what word he put it.

Q But that was the substance of it?

A Of what he said. I mean, he could have made that comment a few times.

Q What were the occasions on which he made that kind of comment?

A I mean, he made it, I don't know, a few times -- three, four times, or five. I don't know.

Q But what kinds of requests by you would provoke that kind of comment?

A You see, sir, again I did not come up and say give me this or give me that or do this for me. I don't remember. I just explained our situation, our problems, our quest, and there are many ways to skin a cat, like you say, and there are many ways people have of expressing themselves. And I have never been one to go and extend a hand and say give me, give me.

So maybe the way I talked, I don't know if you can gather anything about me by the way I talk here. I mean, I try to cooperate. I try to tell you the truth as I remember it. I will not say something I don't remember or that I cannot recall as a fact. But each one has a way of

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expression. Maybe because my father was a writer I tend to go off.

Q Do you remember any kind of statement you made that led him to say I'm on the edge?

A Maybe any kind of a statement he said. Right this very minute I'm not able to.

Q Do you recall at all in the end of 1984 that [redacted] -- had stated that it would not go forward with the arms sale that had been arranged for you?

A There were difficulties involved.

Q Do you remember what those difficulties were?

A No.

Q Do you remember that the shipment was supposed to be to [redacted] did not want to send any weapons to [redacted]

A There was something about [redacted] The ship did come [redacted] and everything was shipped [redacted]

Q But do you know who arranged to overcome those obstacles?

A No, sir. I only dealt with General Secord on that. I remember that there were delays and I remember some talk with General Secord about the end users. The end users were necessary only for a few of the items, and I don't

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know, I don't recall if he did provide end users from some other place because [redacted] weren't, or if the ship had to go to another place or was routed to another place and then diverted. I don't remember that.

Q Do you remember being asked to pledge to recognize [redacted] if you gained power in Nicaragua?

A No. I wouldn't have done it. I don't remember. I mean, I'll tell you one thing. If it takes an offer like that, you know, a political offer which one not necessarily has to comply --

Q You would have done it?

A It does represent something for us. I mean, then, you know, politicians make lots of offers.

(Laughter.)

MR. PORTUONDO: Present company excepted.

MR. LIMAN: Let the record reflect that there's no comment.

SENATOR HEFLIN: You're speaking of the Executive Branch.

(Laughter.)

BY MR. LIMAN: (Resuming)

Q Did General Singlaub ever arrange any meetings for you with [redacted] to get arms?

A I never met any [redacted] I met [redacted] I forgot to tell you before, when I talked

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about [redacted] I met [redacted] here. I visited [redacted]

Q [redacted]

A [redacted]

Q Who arranged that for you?

A I went to [redacted]

Q Was that arranged by General Singlaub?

A No, no. I went to [redacted] myself. I went there myself and I identified myself to him.

Q Anything come of it?

A No. You would have seen the money reflected.

Q Now you talked before about getting blowpipes to deal with the helicopters that the Sandinistas had just received from the Soviet Union. Did you ever make a trip to [redacted]

A Yes. At one time I was [redacted] and another [redacted] there [redacted] called [redacted] you know, they were going to give us --

Q Blowpipes?

A Yes. They were going to give us the projectiles and sell us the launchers. In the blowpipe the launcher is more expensive.

Q Do you remember they were asking $15,000 each for

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the launch[illegible]

A I think it was more. I think it was $25,000. And so I went [redacted] you know, to see what this thing was. I was [redacted]

Q What happened [redacted]?

A Well, I didn't see anyone. The one who had offered it to this other officer of the FDN was away.

Q So nothing came out of that trip?

A No. I mean, I made a deal with [redacted]

Q Who?

A [redacted] that we were going to buy stuff [redacted] and he was going to supply some of it, and some of it would come from the government manufacturing plant there. And I even sent some money to [redacted]

Q In [redacted]

A No, in [redacted] But then the whole thing fell through and so I didn't buy anything from [redacted]

Q Did you get your money back?

A Oh, yeah. We ordered the money -- we didn't get it back, but we ordered that the money [redacted] had received be sent to another Swiss bank for a Secord payment.

Q How much money did you send to the [redacted] accounts?

A I don't know if it was $600,000 or $300,000.

Q Do you remember when that was?

A That was in December.

Q December of '84?

A Yeah.

Q And who introduced you to [redacted]

A When I came here --

Q He was in [redacted]?

A He was in [redacted]. This FDN man had already made all those visits.

Q How does he spell his name?

A [redacted]

Q And what nationality is he?

A [redacted]

Q Now do you recall discussing with Oliver North any of the problems in trying to get blowpipes [redacted]?

A I told him about the trip. I told him about [redacted] [redacted] had offered. As I told you before, I used to tell him everything, so I told him about this.

Q Do you recall any discussion with him about the fact that [redacted] needed to get the permission of the British in order to supply the blowpipes?

A Oh, yes.

Q Did you ask him to see whether or not he could get you permission from the British to buy the blowpipes?

A Well, I don't know how I put it, but I remember

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asking him what could be done about that.

Q And what did he tell you?

A We'll see or we'll try, or, you know, we'll try. We'll do something -- something like that.

Q Was there anyone else in the United States Government to whom you reported the way you reported to Oliver North?

A No.

Q Why was it that you were reporting to Oliver North?

A Because he was the one, he was the man with whom we could talk. I mean, there was no one else that we could talk to in the government the way we could talk, freely and feel good about it.

Q Because he was sympathetic?

A He was sympathetic and he was open to listening to us and he always seemed to have time for us. And I didn't know anyone else besides.

Q Did you deal with [redacted] at all?

A That began in -- I don't remember. His name is [redacted] to us. And I didn't feel the same response. [redacted]

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[redacted]

Q Did he ever provide you with any assistance, [redacted]

A No. He was very, very -- how would I say?

Q Wavering?

A No. You know when something's going to hit you you go like that --

Q Evasive?

A Yeah, that's the word -- evasive. I didn't feel that talking to him would get us anyplace. But here again he was more interested in knowing everything we were doing but more for his information, I could tell, rather than for using that for us, you see.

Q What about Elliott Abrams? Did you have contact with him?

A I don't remember when my first contact with Abrams was. According to the press, he's not my friend. But I don't remember when we began dealing with him. I met him a few times and our meetings had to do more with the international diplomatic aspect of things. It was always group meetings. Well, I had a meeting with him, the only meeting was in January, I believe, or February I met alone with him one day.

Q Let's move to another subject. Do you remember anything about a ship called the Monimbo?

A Is that the one we were supposed to blow up on the high seas?

Q Or at least seize.

A I read about that. To tell you the truth, sir, I don't remember speaking about.

Q Do you remember any ship that was coming from Taiwan with Iranian armaments to be delivered to the Sandinistas?

A No.

Q Did Oliver North --

A What I told Oliver North -- what we were talking about [redacted]

Q Oliver North didn't ask you whether or not you'd

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be willing to put up the money for an operation to seize a shipment of arms from Taiwan?

A I don't recall. One time we were offered -- I will tell you why I have problems and you will laugh at this one, too. One time a fellow from Malta who lives in California someplace came to me here in Washington with a proposal for me to send 300 of our men to take over Malta and that he would give me $50 million after the operation. So you hear all sorts.

Q I'm going to show you some [redacted] end user certificates and ask you if you've seen them before. Would you mark these as the next exhibit?

(The document referred to was marked Calero Exhibit Number 6 for identification.)

A I don't remember exactly these, but I have seen -

Q You have seen end user certificates [redacted] end user certificates?

A Yes.

Q Did you ever give Oliver North copies of [redacted] end user certificates?

A I don't remember. I remember sending end user certificates to General Secord.

Q In Virginia?

A In Virginia.

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Q And what were the circumstances of sending end user certificates?

A To cover shipments of weapons and I believe I sent some directly [redacted] I believe I did.

Q Do you recall in June of 1985, which is after your last sealift from Secord, having a meeting with Secord and Tom Clines in Oliver North's office? Did you ever meet Clines?

A I met Clines, but my recollection of meeting Clines is at the time between the airlifts and the sealifts, but my recollection of meeting Clines is at the hotel Carlton with Secord. That's my --

Q What do you recall talking about with Clines?

A He was apparently, to me apparently was Secord's man over there, you know.

Q In Europe?

A In Europe, yes. And we didn't talk --

Q Did he tell you that Clines was the person who had helped to arrange the purchase of the weapons that you were getting from [redacted]

A That was his associate, his something-or-other. I did not have very much to do and I don't remember if I met Clines again or not.

Q You have ~~no~~ recollection of a meeting in the office of Oliver North?

A No, sir.

Q With Clines?

A I have no recollection of meeting and I believe -- I mean, I was asked that question before.

Q You were asked that at the Independent Counsel's office?

A At the Independent Counsel, and I said I remembered seeing -- that I did not remember seeing Secord at North's office, but I did remember seeing Secord and North in the CNP meeting in Palm Beach.

Q A CNP meeting?

A The Council for National Policy meeting -- the CNP -- in Palm Beach.

Q When was that?

A I don't remember. I have been to about six of those meetings, you see. It was maybe two years ago -- maybe a year and a half ago. I don't remember, sir.

Q You probably have been asked this by the Independent Counsel, too, because you've been through this now several times. Do you recall in November of 1985 being told by Oliver North that an airlift of ammunition was going to be delayed because Secord's planes were engaged in other activities?

A I've been asked that question before, and I've said no, I don't remember. I've read about that. I've read about it.

Q You saw it in the Tower report?

A I saw it in the newspaper. I haven't read the Tower report. I haven't got a copy of it yet. Maybe I can pick one up here. I read about that, but I don't remember because we weren't getting anything else.

Q At that point, in November of 1985, as far as you were concerned, you had your stockpile of weapons and ammunition?

A Yeah, and we weren't getting anything else.

Q You had no money to buy any more.

A Um-hum. The only thing that was concerning me in November of '85 was the famous ground-to-air missiles. That's all I felt we needed to be able to carry on.

Q Did North ever tell you that Secord had bought a ship for the Contras?

A No.

Q Did he ever tell you that he had bought four planes for the Contras?

A I remember telling North about the small planes that we got. I don't remember if there were three. And then I remember seeing the CBS movie or newscast. It showed Secord as being the one who bought them, and I remember then talking to General Singlaub about the small planes, and we weren't very happy about the small planes because, you know, they were very weak things.

Q Who paid for the planes?

A I don't know, sir.

Q Well, you had an impression that these planes belonged to you; am I correct -- to the FDN?

A Those planes were delivered. I never received them, of course.

Q But they were delivered; am I correct?

A They were delivered by the son of Mr. Mall, who has his manufacturing plant.

Q And where were they delivered?

A They were delivered -- as far as I know, they were delivered [redacted] but I don't know exactly in which location.

Q And was that in 1986 or 1985?

A I don't remember, sir.

Q Do you remember that you didn't pay for those planes?

A I remember that we didn't pay, and it was just, you know, a private donation.

Q And you thought that these planes had been donated to your cause, correct?

A Donated to our cause, yes.

Q And later you were told by someone that these planes belonged to Secord?

A No, no. I saw in a newscast. They say that he had purchased them, that he had purchased at least one or two of them.

Q But do you remember any argument about whether he could take those planes back?

A No, no. I never had any argument.

Q What was your conversation with Singlaub?

A Well, General Singlaub said that those weren't the best planes for what we wanted them, you know, that they were not very sturdy.

Q Did you ever discuss those planes with North?

A I told him -- when they arrived I told him that those planes had arrived, and he said, okay, fine. But I don't remember any conversation. They were very cheap planes to begin with. I mean, they were no big deal.

Q Was there a C-123 also that was delivered?

A No. The C-123, what I heard was in connection with this air resupply operation that began in April of 1986, April '86 -- the Hasenfus operation.

Q And that's when you heard of it?

A Yeah, because I was traveling a lot and I never dealt with Cooper.

Q And who did you understand was paying for that Cooper operation?

A A private group. That's what I was told.

Q And who told you that?

A Colonel North told me a private group.

Q Did you ever hear them referred to as private benefactors?

A Well, maybe private benefactors.

Q Did you ever hear the term "Project Democracy"?

A No, I never heard the term.

Q Did you ever hear the term "Udall Corporation"?

A No, sir. I've read about those things afterwards.

Q Was there any delivery in 1986 to the FDN from [redacted]

A No, sir.

Q Did anyone ever tell you that there was a shipment of ammunition and weapons from [redacted] that was going to be delivered in 1986?

A No, sir.

Q Mr. Calero, I will tell you that there are references in various things that have been written by Colonel North to this private supply network. I'll read you something now: There are several million rounds of most types of ammo now on hand and more than $3 million worth on the day by ship from [redacted] Critically-needed items are being flown in from Europe to the expanded warehouse facility at [redacted] Boots, uniforms, ponchos, et cetera are being purchased locally and Calero will receive $500,000 for food purchases by the end of the week.

A We received one time $500,000, but that was in -- you have the record. Intel. In [redacted] there was a warehouse. I haven't been to [redacted] in --

Q Who was paying for what was being shipped there?

A The NHAO. You see, [redacted] toward the end of '85, was it --

Q Are you talking about when [redacted] was not willing to accept any more direct shipments?

A Yes. So a lot of stuff went to [redacted]. And I know -- I think NHAO paid for a warehouse in [redacted].

Q But that would be for boots and not for weapons.

A I don't know about it. I know that some shipments went to [redacted] but, I mean, I have no check on that. I have no record of that.

Q As you sit here today can you think of any conversation in which you were told that General Secord was now going to take over the supply of weapons for your organization and that you were no longer going to handle the purchases?

A No, sir. I was never told that, and if that was in some people's mentality or mind, I mean, I was not told that.

Q Mr. Calero, are you aware in 1986 of any purchases of weapons or other equipment for your organization or for

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UNO by General Secord or his organization amounting to about $30 million?

A Sir, I could tell you that I couldn't be aware of a small purchase, but a purchase like that I would definitely have to be aware, and I am not absolutely aware of any such purchase having been done or any such purchase having been consulted with me.

Q In 1986 what was it costing a month to maintain your forces?

A It reached real heights on account that our forces came out of Nicaragua and was over $1 million a month -- way over.

Q $1.5 million?

A $1 million-something. I can check it.

Q Where was that money coming from? Was that NHAO money?

A Well, the NHAO money went from July -- the NHAO money began -- no, it went from September '85 to more or less -- it extended. There were some payments into -- there were small payments even in July or June-July of '86. We ran up a debt of $1.9 million, almost $2 million between July of '86 and November -- July and October, when the $100 million -- the last week of October the $100 million began to operate.

We still have that debt. And then we picked up

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some money, which is reported there, from --

Q Miller?

A Miller, yes. Channel Miller associated things. And that's how we kept alive. And then we had made a differential, a profit on a differential exchange, an exchange rate differential, which we reported to the NHAO, and which is reported and accounted for.

Q Mr. Calero, were you consulted about whether or not $27 million was what was needed for this humanitarian relief project?

A I don't remember.

Q You don't know whether or nor that figure was derived from discussions with you?

A I don't remember how it was arrived at, no.

Q Were you able to spend the full $27 million?

A Well, we did not spend it all, of course, but that was [redacted]ly by -- I mean, mostly in reality it was managed by the Nicaraguan Humanitarian As[redacted] Office. We would receive the stuff and they would pay for it either through brokers, for those who didn't have dollar accounts in the States, or directly to suppliers who had accounts in the United States.

Q Was that money sufficient to meet the maintenance needs apart from weapons or ammunition of the organization until the summer of 1986?

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A Yes. The quality of the food was greatly improved.

Q So you weren't in a position, as I understand it, in the winter of 1986 of saying we don't have money to feed our troops?

A Oh, yeah. I was in the position, yes, because the NHAO money was ending and we didn't know where or when.

Q But that would be after that money, but during the period that you were getting it you were able to feed your troops?

A Oh, yeah.

Q Now you were saying that you will need money after that money is going to stop.

A But we had family support to give to our men, you see.

Q And where were you getting that money from?

A The family support came mostly from the money from Channel Miller and money that had been made on the exchange differential.

Q And was there any other source of money? Did you get any money from Secord?

A No, no.

Q And you still had ammunition and weapons left from what you had managed to squirrel away in 1985?

A Yes. And then at one time we got a $75,000

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donation. I don't exactly know where it came from. We got $50,000 from phone calls that I made. And that was paid to [redacted] and that money had been sent to Ann Scott, no, Ann Stone. And $75,000 that checks that were made did not pass through our account, checks that were paid directly to the [redacted]

Q Did you ever ask the NHAO office to provide you with funds to hire Mr. Owen as a consultant?

A We sent a letter which was signed by the three directors of UNO recommending Mr. Owen.

Q What led you to do that?

A The fact that he knew our operations and he had visited with us a lot, with the Indians, with the people in the south and with us.

Q You had testified to one meeting with him when you decided not to hire the organization.

A Not to hire Gray Company. But then we felt that Owen on his own -- he left Gray and he came to me and said, you know, he could help us out and we did use him as a sort of -- he knew a lot of Congressional people. He had been a Congressional aide and he could help us in the effort of meeting with Macomb. Congressman Macomb, and around his office there was some kind of medical money available and he helped us out on that.

And he came down with Dr. Chaney and made a

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medical survey, and also we felt NHAO was getting off to a very slow start.

Q Did North recommend that you hire Owen?

A Well, we knew that Owen was a friend of North. I mean, I suspected that Owen would inform North of everything he saw down there, and apparently they were close. That was our impression. But we were not asked, that I remember. I was not asked, and I said "we" -- me and the other two men, we were not asked. I was asked by Owen himself, I remember, you know, if we would recommend him.

Q Did you ever meet Bob Earl?

A Bob Earl? The name does not --

Q Can you tell me from the time that the U.S. Government funding ended in roughly June of 1984 until September of 1986 what did Colonel North do for you?

A Would you please repeat the question?

Q During that period what did Colonel North do for the Contras? It's a broad question, but I'd like you to answer it as best you can.

A Well, I felt that he was our listening post, that he would keep other people informed as to what we were doing, what we were needing, that he was going before Congress giving briefings, that he would brief different groups, that he would further push our cause.

Q Were you looking to him for military advice?

A No. I did not look to him for military advice.

Q Did you consider that he had raised the $1 million a month that you received?

A I considered not necessarily for the $1 million a month, but I considered that he was instrumental for us in speaking out for us, that he had the credibility, that he had the position, that he had the connections that a foreigner cannot come to this country and talk, but a U.S. military man or Marine who could speak well --

Q Who did you think had raised that $24 million you received in February-March 1985?

A Sir, I didn't care really much who did.

Q I can understand that you didn't care where it came from, but who did you think had raised it?

A Even that. I mean, my objective was keeping a struggle going. I did not --

Q What would you have done if you hadn't received the $24 million? Would you have had to close shop?

A No. We would have kept on going somehow.

Q Was the $24 million important?

A The $33.5 million. It was $33.5 million that we got.

Q That was important?

A That was very important, yes.

Q And still you didn't inquire where it was coming from?

A No, sir.

Q Did you conclude that it was a matter of secrecy and that you shouldn't ask?

A I thought it was a matter that the less it was talked about the better, that I shouldn't even know, and then I began reading. In the back of my mind I always had this is, you know, [redacted] you know -- [redacted] and this, that and the other thing.

Q So that's where the money was?

A That's where the money was and that was my feeling.

Q But no one told you that?

A Except for General --

Q Secord?

A Secord talking about talking to [redacted] or whatever.

Q Did he ever mention which [redacted] he spoke to?

A Maybe he did give the name, but I don't remember.

Q [redacted]

A Well, I've read his name.

Q Do you know whether he mentioned that?

A No. I could not attest that he mentioned that, [redacted] took it --

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Q Let me put a question to you that we've been sort of going around. I gather you had a great deal of confidence in Singlaub.

A Yes.

Q And you believed that General Singlaub was not in this for his own personal profit.

A Yes.

Q And that General Singlaub would act in a way that would be in the best interests of your cause.

A Yes.

Q He's a person whose heart is in what he was doing.

A Yes.

Q Was one of the reasons that you were giving arms orders to Secord because you believed that Secord had raised the money for you?

A I could have had that -- I could have felt that there was somewhat of an obligation, maybe. But on the other hand, you know, this did not happen over a long period of time. It was so fast, you know.

Q But the money was fast and the orders were fast.

A Everything was fast.

Q When you gave those orders for these weapons, you didn't even have the money in hand, did you?

A The first order from [redacted] we talked about it in August. We didn't know how much money we had available. We

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had to wait to see if more money would come in, and that is why you see that the payment was made later, you know. It was being talked about and I would tell him -- I mean, that's what my memory more or less tells me.

I would tell him, well, let's see what we get, you know.

Q Was it a case where Secord was in effect helping to finance those purposes of arms?

A No. He didn't help finance.

Q By suggesting at least that he was going to raise the money for you?

A Well, undoubtedly it created a sort of link there, you know.

Q And not a legal obligation but a sense of moral obligation to give business to him? That's fair to say?

A Yes, or to have him do this because this is detailed here. He acted as if he wasn't making a profit.

Q Secord acted as if he wasn't making a profit?

A Yes.

Q Did he tell you he wasn't making a profit?

A Well, he detailed the freight, demurrage, insurance, this, that and the other thing.

Q That information you got from him that's on the North schedule?

A Yeah. And then, you know, I didn't put him against the wall and say -- because, you know, I had respect for the person -- and I didn't say you are making a profit.

Q But you had some suspicion?

A To tell you the truth, well, yes.

Q Mr. Calero, was Secord with you when you gave the information to Oliver North that is reflected in that schedule?

A No, no.

Q Because as you look at this and you see how detailed it is, isn't it clear that you had some information with you?

A Oh, yeah, I must have had. I must have had information because I had these details on a little piece of paper, I remember, in squares -- very informal, very, very informal -- because I never got any invoices or anything.

Q Where did you get that information?

A From Secord.

Q From Secord?

A Yes. And I must have had that. This information here was from memory, but this was detailed. And this was an estimate, the miscellaneous.

MR. BALLEN: When you say "this", that's not going to be reflected on the record. Which was the information from Secord?

THE WITNESS: The airlift number one, the airlift number two, the sealift number one, and the sealift number two. This one doesn't even have prices. He had a deposit that had already been paid in rounded figures, as you can see, the $5 million, and then the estimated cost was $6 million. It came to $7 million or something.

BY MR. LIMAN: (Resuming)

Q Was the way in which you worked witn Secord, was that you would give him the deposit of $5 million and he would supply $5 million worth of weapons, ammunition, and bill you for whatever it was, so that if it turned out to be $6 million you would pay $6 million, and if it was $5.5 million you would have paid $5.5 million?

A Yes.

Q So that you were really relying on him to act in good faith in purchasing this equipment for you; isn't that fair to say? I mean, there's no getting around that. You weren't an expert in this.

A It is [redacted] that I was relying on the fact that he was ~~ating~~ acting in good faith, [redacted]

Q And in fact, you know, he told you that apart from using his expertise in getting you these weapons he was helping you to raise the money to pay for them?

A Yes. He said that, yes.

Q And yet -- and this puzzles me -- yet even though he is raising this money for you, you felt more comfortable

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dealing with General Singlaub.

A Well, I mean it's a matter of personalities, of course.

Q Did you ever show General Singlaub what the prices were that Secord was charging?

A I might have told him.

Q That would have been a natural thing, correct?

A I might have told General Singlaub, yes.

Q Given the confidence you had in General Singlaub it would have been natural to show this to him. Do you remember any comments he made?

A I told you before that he thought that Secord was making money on this.

Q Did you ever report that to North?

A I don't think I did because this was a comment. You know, it was gossip.

Q What was the reason that you gave this schedule to North?

A We would inform him, as I told you before. I would tell him everything -- what we were doing, how we were doing, what we were buying, what we had. I mean, I would inform him of everything -- what our situation was.

Q That's what you did, but why?

A I felt that he was our --

Q Liaison with the government?

A Our liaison with this whole world, you know. If we didn't tell him, we didn't have anyone else to tell that to.

MR. LIMAN: Can we take a break, and then I think I'm probably done.

(A brief recess was taken.)

BY MR. LIMAN: (Resuming)

Q I have some just names which come out of your accounts. First, there was a deposit that was put in the account, two of them, one on 10/23/85, the next on 10/25/85 of $200,000 -- $25,000 on one day, $175,000 on another, totalling $200,000 -- from Lake Resources. Do you know what that was for?

A Well, that was for our use.

Q Was that a refund for some purchases you made?

A No, no.

Q What were the circumstances under which that was transmitted to you?

A The circumstances were that we were receiving money, that we needed money. We were in need of money at the time.

Q Because that was after Congress had appropriated $27 million.

A Yes. The NHAO did not pay our logistic expenses, many of our family support for our fighters, because that was connected with --

Q The military?

A The military. And then our air operation.

Q Who did you ask to give money on behalf of Lake?

A To begin with, I found out that that money had come from Lake.

Q When did you find that out?

A Well, he found it out and told me.

Q Just recently?

A Yeah.

Q Did you know that General Secord had arranged for this $200,000 contribution?

A (Nods in the negative.)

Q Did you ever meet a man by the name of Hakim?

A No, sir. I never met Hakim.

Q Did you ever hear of Lake Resources?

A Never heard of Lake Resources until I saw it published in the paper and then it was he --

Q Your lawyer?

A My lawyer, yes, that went through the bank records, which he did before I did, and told me that that had come from Lake Resources and that was the company that had been named in the paper that day.

Q But had you at the time that the $200,000 was received, did you know that $200,000 was deposited? Did you

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get a notification that you had received $200,000?

A Yes.

Q Did you have any information as to where it came from?

A My impression was that it had come from Channel associated companies. I would talk to Rich Miller. At one point I was talking to Channel, and I worked. I mean, I felt that whatever money the Channel organization would give me, we had earned it, because I talked in three or four different occasions to people, to potential donors, who Channel had gathered. So I felt all the right to ask Miller and Channel himself, and I told him myself many times and even wrote a letter to Channel saying, you know, that we needed money for that.

Our family support came to about $175,000 a month, so that was a lot of money that was not covered by the NHAO.

Q And that money was being paid out of the accounts that you maintained?

A Out of the accounts that we maintained, yes, plus the earnings out of --

Q Out of your currency?

A Out of the currency, yes.

Q We noted that the account reflected payments to a company called [redacted].

A [redacted] is a broker.

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Q Money broker?

A Money broker, yes.

Q So that was to change dollars into local currency?

A Yes.

Q And is the same true of [redacted]?

A Yes, sir.

Q What about M&S Supplies? What was that?

A M&S Supply was boots and uniforms. They are the companies that sell surplus materials and things like that.

Q And RM Equipment?

A R&M Equipment is weapons and ammunition. That's -- the last payment that I made for those rifles, rather than Gretsch World they asked me to make it to R&M Equipment, since through them was the deal. I made it and I found since, you know, when I asked him why was that -- I didn't ask at the time -- they said well, it was their commission or something.

Q And [redacted]?

A [redacted] That's in [redacted] We used to have a political situation in [redacted] and they also purchased some [redacted] there for us at times, and we used to keep that. Let's see, he was a sort of broker in the sense that he purchased. He used to take care of expenses that we had in [redacted]

Q He was an agent?

A He was an agent of ours, yes.

Q And Hondu?

A Hondu Carib?

Q Yes.

A Hondu Carib is a transport company that transported for quite a while merchandise that we got and we purchased in the States and took down to [redacted]

Q And Bibbins and Rice?

A Bibbins and Rice is another one of these surplus web gear and boots.

Q Front Line?

A Front Line is the same.

Q DIACSA?

A Those were the transfers. We made intra-account transfers.

Q And Genesco?

A Genesco is a boot manufacturer in Tennessee.

Q That's right. Forest Surplus?

A Fowler?

Q Forest.

A Forest, another one of these suppliers of surplus.

Q And ONYX Aviation?

A ONYX Aviation. We bought a plane one time there. $65,000?

Q Yes, you've got a good memory.

A Well, I've been looking at those things.

Q [redacted]

A [redacted] is an account for [redacted] who also did [redacted] work for us [redacted] in his firm. At one point we wanted to build up a force. A lot of people [redacted] were asking us that we take care of it because Pastora was crazy and there was nothing going to happen over there if we didn't. So we started to.

Q ODOM Aircraft?

A ODOM, they sent parts.

Q And then there was a payment that we weren't able to identify that went to the World Bank of Canada for $432,000.

A The World Bank? That was a Secord payment. That's sealift number one.

Q That's sealift number one?

A Yeah. When was that? That was late fall.

MR. ZANARDI: 11/6/84.

THE WITNESS: That's a Secord.

BY MR LIMAN: (Resuming)

Q And would the same be true of that $326,590 payment?

MR. ZANARDI: That went to a Swiss corporation, a Swiss bank.

THE WITNESS: That's the one that I believe is the one that went first to [redacted] and then [redacted] transferred it.

BY MR. LIMAN: (Resuming)

Q To Secord?

A To Secord, yes, because we didn't want the money to come back. So we ordered that. That must have been in January?

MR. ZANARDI: December 24.

THE WITNESS: If it's December, no, it's not the [redacted] thing. The [redacted] thing would have been in January, a similar $300,000-something, a similar amount.

BY MR. LIMAN: (Resuming)

Q Did you ever deal with any Canadian arms dealers?

A No. No, sir. We had these three main --

Q Martin, Secord --

A Martin, Secord and Singlaub. We never had any direct dealing with --

Q Do you remember whether Mr. Livingston was the Canadian? You remember I referred to Livingston.

A The name really is blank for me.

Q Did you ever meet a man by the name of Olmstead, with one eye?

A (Nods in the negative.)

Q You testified this morning that because of the publicity that surrounded General Singlaub that Lieutenant

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Colonel North had indicated to you that he was uncomfortable.

A No. I think -- well, it might have been both. Both North and Singlaub told me that on account of -- that's a recollection; it's an idea, maybe -- that it was best for him not to see --

Q To see General Singlaub?

A Yeah, for General Singlaub to keep away.

Q From Lieutenant Colonel North?

A Yeah.

Q Did Colonel North ever indicate to you any displeasure at the fact that you had done business with Singlaub?

A No, sir. No, sir. The only comment that I remember was that of General Secord's that said that that was not going to go through, you know, that that was going to fall.

Q Because the price was too good?

A [illegible]low, yeah.

Q Did you ever meet Dutton?

A Dutton? I've been asked that question before and another one.

Q Gadd?

A Gadd.

Q Do you have any recollection of meeting either of

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them?

A One time I met someone whose name I do not remember, who offered me airplanes.

Q To buy?

A To buy airplanes or to lease -- buy or lease airplanes.

Q Did you have money at that time?

A No. So nothing came of it. And then at one time, at the NHAO office, I met a man who had planes, who did something for NHAO and who seemed very familiar with Central America, but whose name I do not recall. It could have been Gadd, could have been Dutton, could have been someone else, too.

Q There were a number of payments that you made to [redacted]

A One time -- those were for uniforms, for ammunition. One was for ammunition, $155,000, I think it was. Another one was for uniforms. And then I sent money to [redacted] and one time we paid for some ammunition [redacted] [redacted] So we also paid.

Q Did you ever pay any money to Lieutenant Colonel North?

A Pay him any money?

Q Yes.

A Well, I gave him some money, yes.

Q When was that?

A I don't remember when. I've never been asked that question until now, when you bring it up. I gave him money for some trips that he had to make or some people had to make, but I don't remember exactly when.

Q How much?

A I would have to check that. It could have been $40,000.

Q And was it in cash?

A No, in travelers checks.

Q Travelers checks?

A Yes.

Q And how would you check when you paid that to him?

A How what?

Q How would you check when you gave him that?

A How would I check? I would look for -- when I gave it?

Q Yes.

A I would look for a piece of paper where I put down those things.

Q Would you do that and communicate with us? Do you remember where it was you handed it to him?

A In his office.

Q Was it on one occasion?

A No. It was on different occasions.

Q How many occasions?

A Maybe four, way back. That could have been in '85.

Q Did he tell you what it was for?

A Something connected with hostages.

Q What did he say?

A That that was going to be used in connection with the hostages, because the United States Government could not, you know, couldn't do anything like that.

Q Was he talking about the hostages that were taken in Lebanon?

A Yes, yes. Those hostages, yes.

Q Did you know he was working on that project?

A Pardon?

Q Did you know he was working on the project for the freedom --

A Oh, yes. I mean, he was -- he mentioned the hostages and he said that that was going to be used for people to travel in relation with the release of the hostages, yes.

Q Did you ever give any money to any other employee of the United States Government?

A No.

Q Would you please check those records as soon as possible and let us know?

I don't have any other questions.

A I think I could do that.

Q Today or tomorrow?

A No.

MR. PORTUONDO: We don't get back until 11:00. I know you are anxious.

MR. LIMAN: I had forgotten he doesn't keep his records here. I've not dealt with any real person, but, by the way, I define a real person as a person who lives outside of the Beltway.

THE WITNESS: I believe that paper, that's [redacted] I believe.

MR. LIMAN: Why don't you ask the question?

MR. PARRY: Why did you use six different accounts for receiving the private donations?

THE WITNESS: I've been asked that before. To begin [redacted]inessmen always have various accounts. In our case, it was necessary to have various accounts because we had to be very careful to not put all the eggs in one basket. That was a lot of money that was in consideration, so it was better to have it spread over banks.

And if you will see there were a lot of transfers.

You know, one time we heard that [redacted] was not -- it's not a very big bank, so we felt okay, then better we transfer money from [redacted] to another account. So another account was

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opened. And then we would transfer back to [redacted] back to the [redacted] because [redacted] were where our men had the most access to. And then we also thought it was necessary to have accounts in banks [redacted].

And an account of ours [redacted] was closed on account of a letter that was sent by one who sent $30. We never knew where he got that account number, and he said "for the Nicaraguan freedom fighters", and then it was closed down.

But it's usually for businessmen to have, but that was the reason. We never had a bank account in Switzerland.

MR. LIMAN: Paul, do you have any questions? Lou, any questions?

MR. BALLEN: Yes, I have some I'd like to ask you.

EXAMINATION ON BEHALF OF THE HOUSE COMMITTEE

BY MR. BALLEN:

Q I want to focus your attention in March of 1985. Did you ever at Colonel North's direction deposit money into [redacted] account?

A No. I never did deposit any money into [redacted] [redacted] account.

Q Did Colonel North at any time ask you to deposit money into [redacted] account?

A No, he didn't ask me to deposit [redacted]

[redacted]

So it was dropped.

Q So you never in fact -- no money was ever in fact given to you for that purpose?

A No money from us went direct to [redacted]

Q Did it go indirectly?

A That I cannot -- I mean, now that you ask that question, I mean, this is supposition, this is speculation on my part. Could it have been that the money that I gave to North -- did he --

[redacted] Well, he told you that money was going for hostages, right?

[redacted] THE WITNESS: Yes.

BY MR. BALLEN: (Resuming)

Q But he asked you for that money -- North asked for the money?

A If I could make some money available because there were some trips to be taken by some people in connection with the hostages. And my answer was, you know, this money

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is not mine. The money belongs to freedom, you know, for whatever it can do for freedom.

Q And did he tell you how much he needed?

A I have to look at these records. I remember one time it was $15,000 and $10,000. It must have come to $50,000, something around that amount.

MR. LIMAN: That's what you're going to get the record for.

THE WITNESS: What I have, yes.

BY MR. BALLEN: (Resuming)

Q What made you associate in your mind that that had to do with [redacted]

A Well, now your question.

MR. LIMAN: He didn't associate it in his mind. He put the question of whether there was something that was indirectly for [redacted]

THE WITNESS: So it came to me. You see, you asked me a question that brought in my mind an association.

BY MR. BALLEN: (Resuming)

Q Now you talked about [redacted] Did [redacted] -- those were broker fees for what?

A No, no. He was a broker.

Q A currency broker?

A Yes. I would order a deposit to be made in [redacted] account in the United States, and [redacted]

[redacted] would in turn give local currency to our men [redacted]

Q Did [redacted] was he involved in any of the NHAO --

A [redacted] was used as a broker also by the NHAO people.

Q And the money made on the currency transactions from [redacted] would any of it go directly back to you, or did all of that currency transaction go back to NHAO?

A No, it went to us. It went to us, but we reported it to NHAO.

Q And did you have authority to spend that in any way you saw fit?

A No. I even signed a letter saying that that money was going to be -- because we informed NHAO that we were making this exchange differential, so we wrote a letter saying that that money -- I signed it -- it was going to be used exclusively for the same humanitarian. It wasn't going to be used for military purposes.

Q Mr. Calero, do you know a man by the name of Rafael ~~Cantero~~ QUINTERO?

A I know Rafael ~~Cantero~~ Quintero, yes.

Q How do you know him? In what context?

A Well, I met him in connection with -- I don't know

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if I met him before or if he had been introduced to me before in Miami, but I met him in connection with -- my formal recollection is meeting him in connection with Secord and he traveled [redacted] for Secord.

Q When do you recall that occurring?

A When?

Q Yes.

A When did I? Sometime in '84.

Q And when you met him in 1984 it was with General Secord?

A Well, my recollection is of meeting him with General Secord, yes.

Q Was anyone else present at that time?

A No.

Q And what were the circumstances of your meeting?

A The acquisition of weapons, and then ~~Cantero~~ Quintero was sent [redacted] to determine what our needs were with our military men down there.

Q And which military men do you know that he might have met with?

A ~~Cantero~~ Quintero? He must have met with Bermudez and others there, you know -- the logistic and different people.

Q And this would be in 1984?

A '84 or '85.

Q So the purpose of his going to meet with the

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military men was to determine precisely what the needs were?

A To meet them and what our needs were, yes.

Q Did you have any subsequent conversations with Quintero ~~Cantero~~ after meeting him that time?

A Oh, yeah. I saw him once in a while. I would say yes.

Q Under what circumstances would you see him?

A With relations to what he was doing, you know, the work that he was doing.

Q Which was?

A Which was drawing up these lists and he would maybe bring information as to the state of the shipment and all of that. And then we made an estimate -- he made an estimate -- but I don't recall the dates.

Q He made what kind of an estimate?

A Estimate for our needs.

Q Did he do this on more than one occasion?

A Yeah. I don't remember exactly when he went down.

Q Was his estimate of your needs, did that correspond to what you feel your needs were?

A He did it with our military men, you see.

Q Did you review those lists that he drew up or not?

A I saw them, yes. Of course, the estimates -- what I'm trying to think of is if there was an estimate made after the purchase. You see, that's what I'm trying to determine. It could have been so.

Q In other words, there could have been more than one estimate that he made?

A Yeah. But what I'm trying to determine is if there was an estimate after the second sealift, which I don't remember exactly.

Q And the second sealift, that was the last delivery from Secord?

A That was the last delivery. Well, the sealift, yes, but remember that I had said before that there were some thing which were short-shipped.

Q Did you ever receive the things that were short-shipped?

A Yes. I don't know when they came, but I asked if they had arrived and I was told yes, that they had arrived.

Q Were you ever aware of any arms being delivered to [redacted] for the FDN?

A No, except -- well, what was short-shipped went to [redacted]

Q Do you recall -- you said you didn't recall. Would that have been sometime after the second sealift?

A It was after, definitely, because they were short-shipped.

Q So it would have been either in the summer of '85 or later?

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A No, no, in the fall.

Q The fall of '85?

A In the fall of '85.

Q And how large a shipment was that that was short-shipped? What are we talking about in terms of arms, to the best of your recollection?

A Some [redacted] 40 millimeter grenades and some C-4, maybe.

Q Do you have any idea what the value of the shipment was approximately?

A No, no, because it had been paid before.

Q Are you aware of any other munitions or armaments that were shipped and stored at [redacted]

A No, because we didn't buy any. I mean, I was aware that those grenades and the C-4 and maybe another little thing, but very, very minor, I would say, compared to what we had purchased, c[illegible] [illegible]ter date. And they did come, because I was told they had arrived.

Q Who told you?

A Our logistics people. I asked the logistic people if they had arrived and they said yes.

Q Well, you testified earlier that the air resupply was delivering weapons from [redacted] and [redacted] into Nicaragua. Is that correct?

A The air resupply was delivering weapons from our

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warehouse [redacted] into Nicaragua, yes, by way [redacted]

Q Would that be from [redacted]?

A From [redacted] but I'm talking out of, you know, very scant information which to me did not matter, you know.

Q But that's what I want to inquire into. If they were delivering your weapons out of [redacted] why were they also going to [redacted]?

A That was on account of the flight pattern. The flight pattern was [redacted] and these people had all their operations and all their people, they had everything in [redacted] They had nothing in [redacted]

Q Were you aware of the fact that they were taking weapons stored at [redacted] into [redacted] for FDN use?

A No. They brought in what was ours. That's the information I had. They brought in what was ours, what we had purchased. But as to new weapons there, I was not aware.

Q Do you know a man by the name of Felix Rodriguez?

A Oh, yeah.

Q And when did you first meet him?

A I don't remember. He came to visit me after he stopped. I was introduced to him by another Cuban-American and he came to visit me when he stopped a shipment of two fast boats out of the United States to the Sandinista government on account of a law that he was familiar with, and he brought it up to the Customs to stop the shipment of those boats.

And then we developed a friendship. I was in [redacted] one time with him [redacted] And then he promised to come to [redacted] to help us, but he fell in love with -- he told me he was going to Salvador for a while to help the Salvadoreans and then he would come to us. And he just became absolutely taken by the Salvadorean work he was doing and never came to us.

Q Why did he stop the shipment of the boats?

A Why? Because he thought that those boats were going to be used for military purposes by the Sandinista government and they have some technical qualifications that made it possible under the law not to be shipped to the Sandinista government.

Q These were boats that were destined for the Sandinistas?

A Boats that had been purchased by the Sandinista agent here in this country.

MR. LIMAN: Allegedly as pleasure boats.

THE WITNESS: Yeah, as pleasure boats.

MR. LIMAN: But they could be used for military purposes.

THE WITNESS: But they had some technical things there that could be used for military purposes. I have described him as a freelancer for democracy, this man Felix Rodriguez. He had something to do with Che Guevarra. I met him in [redacted] one time when I went to [redacted] with this same [redacted] who was going to help us -- I mean [redacted] excuse me, not [redacted] -- a [redacted]

BY MR. BALLEN: (Resuming)

Q Did he provide any direct assistance to you, though, in your effort?

A No, no. He was going to. He was going to provide direct assistance. He offered to participate personally and everything but, as I say, he stayed in Salvador.

Q You are not aware, then, of any efforts he might have made in El Salvador in your behalf?

A Well, I have read about it afterwards, you know, that he became involved.

Q Are you personally aware?

A No. Personally aware, no. He told me to visit him in Salvador and he told me that he was using the name Max Gomez and he gave me his phone number in Salvador, but I have never had the opportunity to visit with him in Salvador, which is just as well.

Q How about a man associated with him by the name of

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Ramon Medina?

A No. I never met Ramon Medina.

Q Did you ever have any dealings with [redacted]

A I know [redacted] I've talked to him about maybe three times. He's been very, very much sympathetic to our cause, always ready to help. But most of the contact with [redacted] has been by [redacted] not by me. I have met him twice, three times. One time I saw him in Miami.

Q Were you aware of any efforts he was making in terms of the air resupply of weapons to you either personally or through your commanders?

A I don't think I ever discussed what he was doing, but [redacted] is a man who we could assume that if he was there and there was something going on, he would know about it and he would sympathize with it. I mean, that was my impression. He has been very sympathetic all the time.

Q But you are not personally aware in any way of any way he's been of assistance?

A I'm not personally aware exactly what he did or how he did it, you know, because I haven't been [redacted] in a very long time. The last time that I was there was on transit and one time I had to overnight on account of not being able to land [redacted] But I didn't see anyone. I went from the airport to a hotel and from the hotel to the airport.

Q You testified earlier to the meeting that was in [redacted] with Colonel North. Was [redacted] at that meeting?

A Um-um. No, no. It was only between the Americans and Nicaraguans.

Q Was there ever a meeting with Colonel North and [redacted] in [redacted]

A Not that I was present at.

Q Not when you were present?

A They must have met, but I don't recall ever meeting with them. I saw Colonel North maybe twice or maybe three times at the most in [redacted] -- twice. I can say that I never met with [redacted] and Colonel North.

Q And there was no discussion with [redacted] as to him being the liaiso[redacted] for the private benefactor network, the private group?

A No, no, no[redacted]

Q That you are aware of?

A No.

Q Do you recall ever meeting in Colonel North's office with Singlaub and Secord both present?

A No. I don't remember. That's a new one. I don't remember.

Q Let me see if I can refresh your recollection. Do you recall a meeting at the White House in the spring of 1985 with North, Secord, yourself and General Singlaub where SAM-7s were discussed, surface-to-air antiaircraft missiles?

A In the spring of 1985?

Q Well, that's a general date. Or at any time. Let me ask that question.

A At any time? I do not recall a meeting that both of them would have been present. I mean, as I say, I have a faint recollection of having been in Colonel North's office and General Secord having arrived or having been there and General Secord having arrived. To tell you the truth, I wouldn't swear to that because it's not clear in my mind. And being there with General Singlaub. I remember that one time we met the President and Singlaub was there, so we were together in the Executive Office Building, and then we went to the White House with General Secord and Colonel North.

MR. LIMAN: General Secord or Singlaub?

THE WITNESS: Singlaub. I'm sorry. I'm getting all mixed up. But I do not remember ever having attended a meeting with General Secord and General Singlaub.

BY MR. BALLEN: (Resuming)

Q Let me refresh your recollection in a different way about the subject matter of the meeting. Do you ever remember discussing the purchase -- you talked about surface-to-air missiles, antiaircraft missiles -- where

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Secord, where General Singlaub said he believed he could get those and General Secord said something to the effect that he could provide instructors with them, instructors to operate, to teach the FDN troops?

A I remember a conversation about instructors because Secord sent an instructor when we got the SA-7s from [redacted] you see. He arranged for an instructor, an instructor from [redacted]

Q Do you recall any discussion prior to that instructor arriving with him about an instructor, that he could provide an instructor with it?

A I remember talking about an instructor with General Secord, but where I don't remember. I remember his sending an instructor and I remember the instructor being [redacted] I remember all of that, but I do not remember -- and the instructor gave a course to our men.

Q Do you remember ever having a conversation with General Singlaub about SA-7s and his ability to provide them to you?

A Oh, yes. Oh, yes. The price that I was telling you he told me, that price, $160,000 for these three state-of-the-art SA-7s, the latest that had been made in the Soviet Bloc, that were immediate.

Q Do you recall ever discussing the price of those same SA-7s with General Secord as opposed to General

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Singlaub?

A I'm sorry. No, I don't. I might have. It's a possibility, but I don't recall it.

Q I'm just trying to get at if there was a difference in those two prices which one would you purchase from if there was any reason.

A Well, I didn't purchase any from either one.

Q Well, how did you get those? You said that General Secord shipped to you --

A Those were from [redacted] Those cost, I believe, $47,000, if I remember correctly.

Q But you said you didn't purchase them?

A Sure. I said after that. In the sealift from [redacted] we got [redacted]

Q Is this the shipment that you discussed the instructor coming? Is this when the instructor came?

A Those came in April of '85 and then the instructor came to teach our people the use of those SA-7s that had been manufactured [redacted]

MR. LIMAN: And the instructor was provided by Secord?

THE WITNESS: By Secord, yes, sir.

MR. LIM[redacted]rchased from Secord?

THE WITNESS: Yes, the one that came from [redacted]

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BY MR. BALLEN: (Resuming)

Q Did you ever meet with Barbara Studley?

A Oh, yes. I met her through General Secord.

Q Through General Secord?

A I mean, General Singlaub, yes.

Q What were the circumstances of your meeting with her?

A Well, she helped General Singlaub. She helped General Singlaub in this acquisition of the weapons that he got for us. I think somehow she let her company name be used for that.

Q Did you give General Singlaub the bank account? Let me ask the question a different way. How were you to transfer the money for the purchase from General Singlaub?

A He gave me a bank account number where I sent the money.

Q Did you ever give him a bank account where he could dep[redacted]ies that he raised?

A Oh, yes, sure.

Q What bank account did you give him? Do you recall?

A I don't recall, but I gave him -- I must have given him the first one that I ever had, and then I must have given him another one and another one so he'd have a choice.

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Q And did he, to your knowledge, deposit any monies in those bank accounts that he had raised?

A No. I believe that those $30 came from --

Q The $30, that would be the sum total -- $30 million?

A No, $30, $30 from [redacted] the one that closed down our bank account [redacted] I mean, there's $25,000 that could have come from General Singlaub.

Q But that's the extent of it?

A Yeah, because, you see, what he did was he acquired things. For instance, he was instrumental in buying the Lady Ellen, for instance, the helicopter. He picked up the money. He seen about people sending us down. But I have no record, no recollection or nothing of that.

We've gotten a lot of medicine, a lot of clothing and things that have been sent down to [redacted] and that we have given to the refugees [redacted]f our troops and to our troops. We give medical attention in our hospitals to the [redacted] population around. We take care of their children and people, and we operate on them and everything.

Q Let me ask you this. Did ~~Singlaub~~ ever call you in reference to ~~Aden~~ Eden Pastora?

A Yeah.

Q What were the circumstances of that?

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A He went [redacted] at one point and talked to Pastora and gave me a list of things that Pastora needed, and he thought that it was important to get Pastora back into the picture. But then I understand that people here were upset by this situation, having General Singlaub mixed up in these things. So we never did send. We ended up by not sending anything to Pastora.

Q And that was because people here were upset about it?

A Well, yes. We heard -- Pastora was always a problem and we were upset, too, you see.

Q Who did you hear from here that was upset about the agreement with Singlaub?

A I'm trying to see how it was. We were upset by it to begin with.

Q I understand that, but who from up here did you hear from that was upset about it -- "up here" being the U.S. Government?

A I remember telling General Singlaub he should talk to the government people, that they should give an answer, and I would say that if my recollection is good, I would say that it must have been [redacted] the one that seemed upset about that. I would gather that, but I don't know if he ever talked to General Singlaub or not. I do not recall.

Q Did he talk to you?

A I think. That's my recollection. We both agreed that it would be a problem.

Q And did he communicate with you not to deliver the supplies?

A I have been very respectful of the U.S. Government people and they have been very respectful of me, and we don't give each other orders, you know. We have taken their points of view into consideration and they have taken ours.

Q And what was his point of view?

A That Pastora was a problem, that Pastora was a problem, and that was my idea, too, that Pastora was a problem. And I didn't know, you know, Singlaub was going to make this arrangement with Pastora, and I didn't know about it before.

And then General Singlaub also went to a meeting. One time he went to a meeting who are called Condor Group. The Condor Group is made up of former national guardsmen, some of whom were kicked out of our organization, some of them left the organization. And he went to a meeting with them which created expectations on their part.

And these people, unknowingly to him, have been very problematic to us, to the FDN.

Q Let me just ask you one final question on Pastora. Apart from [redacted] did you speak to anyone else such as

Colonel North or Elliott Abrams about the Pastora agreement?

A When did it take place?

Q 1986.

A I could have. I don't have a clear recollection. I could have told Colonel North about it. I could have told him, but I don't remember. I don't remember talking it over with -- I have no clear recollection of talking about it with Mr. Abrams, although, you know, you talk about one thing with people who are so closely associated and it's very difficult to determine which one you said it to and which one you didn't and when and who did you tell it first to. And it's difficult.

Q Because you had discussions with all these people?

A Yeah, sure.

Q Did you or the FDN ever have any Swiss bank accounts?

A No.

Q Do you personally have any?

A No.

Q How about your brother Mario? Does he have any?

A No. He has much less. I don't have any.

Q Did you ever have to make any payments other than for supplies to [redacted]

A No.

Q No bribes?

A No bribes as such, no. I paid for services for a warehouse, for people who were taking care of the warehouse, people who were loading trucks and things like that.

Q Did they ever take any of your weapons that were destined for you?

A [redacted] was equipped with AK-47s of ours. I mean, you know, we --

Q Was that voluntary?

A Sure. We have given AK-47s to two different [redacted] also.

Q There were certain credits that I don't know whether you had wanted to get into or not that we hadn't explored. My lists are different than yours. I don't know whether they concern the Miller part of it. You might just want to go through and see if there's any that you feel.

I have one question while they are looking at that. What [redacted] money -- [redacted] about money being paid [redacted] What was that for?

A For the upkeep of men in [redacted] that we hoped we could get together into a fighting force.

Q Did that ever occur?

A No, no. It didn't come through, so we had to give it up.

BY MR. LIMAN: (Resuming)

Q We thought these were Miller, but do you want me

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to take them? Your bank account shows deposits June4, 1986, of $25,000 by order of Bank Scandinavia. Do you know what that's from?

A That's the one, the $25,000 that I referred to could be from --

Q From Singlaub?

A From people associated with General Singlaub.

Q Then the next one is May 14, '86, $48,770 by order of Chase Panama. Do you associate that deposit with someone?

A $48,000?

Q $770.

A $48,770.

Q From Chase in Panama.

A That could be Channel.

Q And then on August 29, 1985, there was a $300,000 deposit by order of the [redacted] Do we know what that was?

MR. ZANARDI: What was the date?

MR. LIMAN: July 20, 1985.

MR. ZANARDI: That's not in one of his accounts.

MR. LIMAN: It says [redacted]

MR. ZANARDI: That could be a transfer. The [redacted] that's one of his accounts.

MR. LIMAN: That's an internal transfer. Is this another internal transfer?

MR. ZANARDI: What's the date?

MR. LIMAN: September 27, '85.

THE WITNESS: That sounds like the one when they closed the account. That's the closing of the account.

BY MR. LIMAN: (Resuming)

Q Then on September 30, 1985 there's a deposit by order of [redacted]

A That's a transfer interaccount.

Q Then there was a $50,000 reimbursement, it seems to say, from [redacted] 1/27/86. Do you know what that is?

A No.

Q REM, FMB [redacted] Do you know what that is? Do you know?

MR. ZANARDI: I think I know what happened. There was a debit and then a credit.

[redacted] WITNESS: They are reversing.

BY MR. LIMAN: (Resuming)

Q Do you know what that was about?

A They made a wrong entry and then they reversed it.

Q Then March 3, '86, there was a deposit by order of [redacted] is that what that is?

A We served as -- we served UNO as a channel to give that money to the radio station operation [redacted] I think there were about four deposits made by [redacted]

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to our account and we in turn turned that money over.

BY MR. BALLEN: (Resuming)

Q Just one other matter. I forget which committee exhibit -- the end user exhibits.

MR. LIMAN: I think we covered these.

MR. BALLEN: I just want to see if I have a different one. I have a different one.

THE WITNESS: May I tell you a story? Are we sort of finished?

MR. BALLEN: We have one more question.

MR. PARRY: And then I have one more question.

BY MR. BALLEN: (Resuming)

Q Have you ever seen that document before?

MR. PORTUONDO: He's looking at what purports to be an end user certificate with a date of 28 November.

MR. BALLEN: We should mark that as an Exhibit.

MR. LIMAN: Let's mark that as Calero Exhibit 7. We'll have it Xeroxed -- two end user certificates dated November 28, 1984, addressed to [redacted] [redacted] I think you referred to [redacted] at one point in your testimony in connection with some [redacted] [redacted]

(The document referred to was marked Calero Exhibit Number 7 for identification.)

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BY MR. LIMAN: (Resuming)

Q If you look at this, does it ring any bells to you?

A Yes. I mean, I don't remember seeing it or reading it, but I'm reading it now. It's very clear that these [redacted] were the ones that were bought from [redacted]

BY MR. BALLEN: (Resuming)

Q These were [redacted] that were bought from [redacted] that went to you?

A Um-hum.

Q It seems to indicate -- maybe I'm just misreading it -- but it seems to indicate in there that certain rifles were sold by [redacted] which would be you, to the [redacted] Is that correct or am I misreading the document?

A I didn't read it, to tell you the truth.

Q Would you read it, please?

A That we have purchased, I think it says.

MR. PARRY: You mean translate it?

MR. BALLEN: Maybe you should read it.

MR. LIMAN: The certificate says on it, in referring to [redacted] that we have bought from [redacted] [redacted] -- you see that language there. So that's what the translation is. Now your question? I think that is what you were pointing out.

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BY MR. BALLEN: (Resuming)

Q My question is, the certificate then would say that we, "we" being [redacted] have bought from [redacted] would that be correct?

A That's what it says.

Q But the weapons went to you?

A (Nods in the affirmative.) Yes.

Q Did you have any discussions with [redacted] who signed it, that the weapons were going --

A No.

Q Do you know how that end user certificate was obtained?

A By a friend of ours.

Q Who?

A [redacted]

Q And who is that?

A [redacted] is [redacted] who lives in [redacted]

Q And the other end user certificates that you testified, those were obtained with the help of Mr. Secord?

A [redacted]

Q All of them?

A Yes, sir. I really dislike to talk about those things. They involve other countries.

MR. LIMAN: Our record is not a public record at

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this point, and you've expressed yourself on it.

THE WITNESS: I hope they remain non-public.

MR. LIMAN: You have one question.

BY MR. LIMAN: (Resuming)

Q Let me ask you a question. On those travelers checks, did you give him travelers checks that were unsigned?

A Unsigned.

Q Unsigned travelers' checks.

A Yes.

BY MR. PARRY:

Q I have two areas. Mr. Martin has told us that he stockpiled a large amount of arms [redacted] through an arrangement with you where the FDN would be able to draw those weapons out as needed and pay for them as they needed the weapons.

A He did that with [redacted] because we have no authority to do anything like that.

Q Were those weapons intended for use by the Contra or the FDN in particular?

A Well, let's say if we had the money we could have gotten those weapons.

Q You are aware that there was a large number of weapons?

A I was aware, yes.

MR. LIMAN: He bought them on speculation in the expectation that he might be able to sell them to you?

THE WITNESS: Well, I would say yes. But through an arrangement, a formal, legal arrangement that he made with [redacted]

MR. LIMAN: We're not suggesting there was anything illegal.

THE WITNESS: They have custody and everything.

MR. LIMAN: We're not suggesting there was anything illegal in that. But as the foundation for the questions that Mr. Parry was going to ask of you, you were aware that he had brought in weapons which he was stockpiling [redacted] in the hope that he would be able to sell them to you, right?

THE WITNESS: Yes, that's what I could gather. They would be available to us and they would be available to [redacted] in case of a problem with Nicaragua.

BY MR. PARRY: (Resuming)

Q Did you in fact draw any weapons from that source?

A We took some of those things, which we shouldn't have done, and some of our people did take some of those things and we have made no payment for them. We don't have anything to pay with.

Q Was that about $1 million worth?

A Yeah.

Q Now the rest has remained there as far as you know?

A Yes. It's there as far as I know, yes.

Q Mr. Martin feels that you discontinued using that source due to pressure from Mr. Secord. Is there any basis for that?

A No, no, because -- look, we requested, we asked that those things be purchased because they were there, but it's the government people that have not wanted to buy any of that. There were also some --

BY MR. LIMAN: (Resuming)

Q I don't understand that answer. What government people didn't want to buy?

A The U.S. Government. I discussed with the U.S. Government people.

Q Since October of 1986?

A Since November - October, 1986, the possibility of acquiring those things that were there.

Q And the United States Government has not wanted to buy them?

A Has not wanted, but there were some weapons stored in our facilities. Some of those things were stored in our facilities and some of those things were dispatched.

Q Dispatched means what?

A Dispatched to our people.

Q Did Mr. Martin ever complain to you about the fact that you weren't buying weapons from him that he had stored [redacted]

A Well, he certainly is worried about all that material there.

Q He's put a lot of money into it.

A He's put a lot of money and he's lost his shirt on it and nothing has come of it.

Q Did he ever express to you the view that it was General Secord who discouraged you from buying from him?

A No. But he has expressed to me that Secord made a good lot of money on us. He has expressed that.

MR. ZANARDI: If you had had the money, would you have purchased the additional weapons from him?

THE WITNESS: Yes, because they are very good weapons. The prices are very, very reasonable, and they are there.

MR. ZANARDI: How do those prices compare with what you got from Secord?

THE WITNESS: They were different items more or less, but I don't remember exactly, but from Secord, from [redacted] shipment -- I have to be honest about it -- we got rounds of ammunition for $75 per thousand and that's a darn good price. The best price that we could get from the [redacted] was $110 -- of course, better ammunition.

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BY MR. LIMAN: (Resuming)

Q [redacted] was better?

A [redacted] is better ammunition. And I have not gone to the trouble, you know, of comparing prices, but the prices that we could purchase the Martin stuff is a good price.

Q I gather ~~than~~ that since you have found yourself in this business of buying arms you've discovered that arms have no ideology.

A None at all. Really, we are now fighting, most of the fighting that we are doing we are doing against the communists with communist weapons. It reminds me of the Indian wars, you know, that you had -- that they were selling to the Indians and also selling to the cowboys.

MR. ZANARDI: So at the end you would still be buying weapons if you had the money, even though you had this early inventory. [redacted]

THE WITNESS: [redacted] We bought [redacted] rounds of that, and we bought [redacted] AK rifles. I mean, all our troops now have AK rifles except for the remaining FALs and D-3s that some of them still carry. But the majority of our fighting troops have AK.

BY MR. BALLEN: (Resuming)

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Q Is that from the [redacted] the [redacted] rounds, was that from the last Singlaub purchase?

A The last Singlaub.

BY MR. LIMAN: (Resuming)

Q Have you ever heard the code name Clutch?

A Clutch?

Q Or Spark?

A Spark?

Q In connection with Miller?

A In connection with Miller, Richard Miller?

Q Yes. Did he ever use those names? Did you ever hear those names -- Clutch or Spark?

A No.

MR. LIMAN: We have no questions. After we go off the record I'd like to hear your story.

THE WITNESS: All right, sir.

(Whereupon, at 4:52 p.m. the taking of the instant deposition ceased.)

____

Signature of the witness

Subscribed and sworn to before me this _____ day of

______________________, 1987.

____

Notary Public

My Commission Expires: ______________________________

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CALERO EX #1

13 PGS

DENIED
IN
TOTAL

EX 00004 - EX 00015A

5106

Calero Ex # 2
20 pgs

DENIED
IN
TOTAL

EX 00016 - EX 00035

(5107)

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E X 00001

MONTHLY BALANCES FOR THE SIX CALERO ACCOUNTS
(as of 4-06-87)

Date	Deposits	Disbursements	Month-end Balance
05-83	5,017.60	[redacted]	[redacted]
06-83	24.08	[redacted]	[redacted]
07-83	25.01	[redacted]	[redacted]
08-83	25.13	[redacted]	[redacted]
09-83	24.44	[redacted]	[redacted]
10-83	25.38	[redacted]	[redacted]
11-83	10,063.07	[redacted]	[redacted]
12-83	69.79	[redacted]	[redacted]
01-84	10,083.63	[redacted]	[redacted]
02-84	111.63	[redacted]	[redacted]
03-84	119.69	[redacted]	[redacted]
04-84	114.67	[redacted]	[redacted]
05-84	113.01	[redacted]	[redacted]
06-84	45.45	[redacted]	[redacted]
07-84	1,003,388.46	[redacted]	[redacted]
08-84	1,005,664.25	[redacted]	[redacted]
09-84	1,007,260.59	[redacted]	[redacted]
10-84	1,009,301.49	[redacted]	[redacted]
11-84	1,005,079.89	[redacted]	[redacted]
12-84	1,360,933.28	[redacted]	[redacted]
01-85	1,002,815.50	[redacted]	[redacted]
02-85	5,001,932.03	[redacted]	[redacted]

Partially Declassified [illegible] on 1/25/88
under pro[illegible] E.O. [illegible]
by [illegible] National Security [illegible]

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Calero Ex #3

5108

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E X 0000~~4~~2

MONTHLY BALANCES FOR
THE SIX CALERO ACCOUNTS
(as of 4-06-87)

Date	Deposits	Disbursements	Month-end Balance
03-85	19,070,532.20	[redacted]	[redacted]
04-85	249,882.77	[redacted]	[redacted]
05-85	19,557.48	[redacted]	[redacted]
06-85	26,839.99	[redacted]	[redacted]
07-85	70,757.23	[redacted]	[redacted]
09-85	8,482.51	[redacted]	[redacted]
10-85	200,487.49	[redacted]	[redacted]
11-85	101,133.68	[redacted]	[redacted]
12-85	615.07	[redacted]	[redacted]
01-86	107,435.33	[redacted]	[redacted]
02-86	38,012.41	[redacted]	[redacted]
03-86	37,988.92	[redacted]	[redacted]
04-86	83,850.84	[redacted]	[redacted]
05-86	49,313.05	[redacted]	[redacted]
06-86	556,140.73	[redacted]	[redacted]
07-86	11,798.28	[redacted]	[redacted]
08-86	713.27	[redacted]	[redacted]
09-86	100,405.96	[redacted]	[redacted]
10-86	150,203.00	[redacted]	[redacted]
11-86	0.00	[redacted]	[redacted]
11-86	378.06	[redacted]	[redacted]
12-86	75,305.40	[redacted]	[redacted]

UNCLASSIFIED

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FX 00003

MONTHLY BALANCES FOR THE SIX CALERO ACCOUNTS
(as of 4-06-87)

Date	Deposits	Disbursements	Month-end Balance
01-87	80,264.67	[redacted]	[redacted]
..			

Total Net Deposits: 34,471,161.49

Total Net Disbursements: [redacted]

Total Net Interest:

Total Items: 592

This report is a listing of transactions associated with six Calero accounts. Transactions between bank codes 1007, 1020, 1024, 1071, 1073, and 1075 have been eliminated.

UNCLASSIFIED

No Date

UNCLASSIFIED

My Friend: N 6388 [redacted]

This brief letter is being delivered via a trusted courier who has no knowledge of the contents but who can help carry out some of what this letter is about. He should not be made aware of the specific details in this letter.

[redacted]

[redacted]

And now the best news of all:

Next week, a sum in excess of $20M will be deposited in the usual account. While this must be husbanded carefully, it should allow us to bridge the gap between now and when the vote is taken and the funds are turned on again.

Partially [illegible] '28 88 [illegible]

BKD, FBI
12-12-86
NS-22

5109

UNCLASSIFIED

Calero Ex. #4

UNCLASSIFIED

So that we have a plan, I propose the following steps as highest priority:

The forces in the northern part of Nicaragua need to be dispersed so that they are not caught in the firestorm as the Sandinistas intend. [redacted] If the high ground can be be guarded, then those who harbor in those areas will be safe. [redacted]

Meanwhile, the forces and volunteers who have arrived [redacted] can be outfitted, provided with some training, and [redacted] If a regular resupply program can be established using what will be deposited next week, we can start a regular logistics program of one flight every 10-15 days and the steady movement of supplies and ammunition to the forward bases.

Most important is saving the force from what I believe will be a serious effort to destroy it in the next few weeks. While I know it hurts to hide, now is the time to do it. While they are hiding, the man who is carrying this message can start the regular resupply process. I believe it would be wise to dedicate as much as $9-10M for nothing but logistics. To coordinate a major effort such as this, I strongly urge that you bring aboard a logistics expert who is both knowledgeable and trusty. The courier should be able to help with this.

[redacted] once the regular resupply system is in place and the troops familiar with a rotation system [redacted] hitting them hard as they phase down in frustration from their current operations and striking at selected strategic targets with your enhanced capability.

This new money will provide great flexibility we have not enjoyed to date. I would urge you to make use of some of it for my British friend and his services for special operations. I can produce him at the end of this month. [redacted]

UNCLASSIFIED

UNCLASSIFIED

3 N 6390

[redacted] You and I both recognize his value and limitations. [redacted] Some in our Congress are aware [redacted] This could be devestating to our forthcoming campaign to restore the funding. I will find out how much he is getting and let you know, but it seems as though something should be set aside for this purpose.

[redacted]

Request you advise me soonest regarding the deposit and destroy this letter after reading. The map can be passed [redacted] with my best wishes. Please do not in any way make anyone aware of the deposit. Too much is becoming known by too many people. We need to make sure that this new financing does not become known. The Congress must believe that there continues to be an urgent need for funding.

Warm regards,
Steelhammer

UNCLASSIFIED

9 APR 85

UNCLASSIFIED

As of April 9, 1985

FDN Expenditures and Outlays N 6408

July 1984 through February 1985

Quantity	Item	Cost
Independent Acquisition		
[redacted]	G-3 rifles	[redacted]
[redacted]	Magazines	[redacted]
[redacted]	Rounds 7.62 x 51	[redacted]
[redacted]	Rounds 7.62 x 51	[redacted]
[redacted]	Hand grenades	[redacted]
Airlift #1 - February 1985		
[redacted]	81mm grenades	[redacted]
[redacted]	60mm grenades	[redacted]
[redacted]	50 cal API	[redacted]
[redacted]	Rounds 7.62 x 39	[redacted]
[redacted]	Rounds 7.62 x 51	[redacted]
	Freight, Demurrage, Ins., etc.	[redacted]
Airlift #2 - March 1985		
[redacted]	Rounds 7.62 x 39	[redacted]
[redacted]	RPG-7 grenades	[redacted]
[redacted]	Hand grenades	[redacted]
[redacted]	60mm mortars	[redacted]
[redacted]	C-4	[redacted]
[redacted]	Fuses and detonators	[redacted]
[redacted]	G-3 rifles	[redacted]
[redacted]	G-3 magazines	[redacted]
[redacted]	Cleaning kits	[redacted]
[redacted]	60mm grenades	[redacted]
[redacted]	50 cal links	[redacted]
	Freight, Demurrage, Ins., etc.	[redacted]
Sealift #1 - April Arrival		
[redacted]	RPG-7 rockets	[redacted]
[redacted]	Rounds 7.62 x 39	[redacted]
[redacted]	Rounds 7.62 x 51	[redacted]
[redacted]	Belts for 7.62 x 39	[redacted]
[redacted]	SA-7 launchers	[redacted]
[redacted]	SA-7 rockets	[redacted]
[redacted]	M-79 grenades	[redacted]
	Freight, Ins., and other exp	[redacted]
[redacted]	M-79 grenades	[redacted]

[illegible] 1/25/88

Calero Ex. #5

5110

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FDN Expenditures and Outlays
July 1984 through February 1985 (Cont'd...)

N 6409

Sealift #2 - May Arrival

Quantity	Item	Cost
[redacted]	Rounds 7.62 x 39	
[redacted]	Rounds 7.62 x 51	
[redacted]	Rounds linked 7.62 x 51	
[redacted]	Hand grenades	
[redacted]	M-79 grenades	
[redacted]	60mm grenades	
[redacted]	81mm grenades	
[redacted]	82mm grenades	
[redacted]	RPG-7 rockets	
[redacted]	Claymore mines	
[redacted]	50 cal API	
[redacted]	12.7 ammo	
[redacted]	57mm recoiless rifles	
[redacted]	57mm ammo	
[redacted]	Anti-tank mines	
[redacted]	G-3 rifles	
[redacted]	G-3 cleaning kits	
[redacted]	AK rifles	
[redacted]	G-3 magazines	
[redacted]	AK magazines	
[redacted]	Swedish K magazines	
[redacted]	HK-21 machine guns	
[redacted]	RPG-7 launchers	
[redacted]	M-79 launchers	
[redacted]	9mm pistols	
[redacted]	AK-39 links or belts	[redacted]
[redacted]	C-4	[redacted]
[redacted]	Fuses and detonators	[redacted]
Lot		[redacted]
Deposit paid		[redacted]
Estimated cost		[redacted]

Miscellaneous Expenses Since July 1984

Quantity	Item	Cost
[redacted]	Uniforms	[redacted]
[redacted]	Boots	[redacted]
[redacted]	Radio and comm equip	[redacted]
	Air and ground transp	[redacted]
	Military gear	[redacted]
	Aid to southern front	[redacted]
	Aid to Misuras	[redacted]
	Food, family asst, upkeep of base camps, air force hospitals, etc.	[redacted]
	Political activity - offices in various countries and cities, travel, p.r.	[redacted]
	Acquisition two transp airplanes	[redacted]

UNCLASSIFIED

N 10596

UNCLASSIFIED

As of April 9, 1985

FDN Expenditures and Outlays

July 1984 through February 1985

Quantity	Item	Cost
Independent Acquisition		
[redacted]	G-3 rifles	[redacted]
	Magazines	
	Rounds 7.62 x 51	
	Rounds 7.62 x 51	
	Hand grenades	
Airlift #1 - February 1985		
[redacted]	81mm grenades	[redacted]
	60mm grenades	
	50 cal API	
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Freight, Demurrage, Ins., etc.	
Airlift #2 - March 1985		
[redacted]	Rounds 7.62 x 39	[redacted]
	RPG-7 grenades	
	Hand grenades	
	60mm mortars	
	C-4	
	Fuses and detonators	
	G-3 rifles	
	G-3 magazines	
	Cleaning kits	
	60mm grenades	
	50 cal links	
	Freight, Demurrage, Ins., etc.	
Sealift #1 - April Arrival		
[redacted]	RPG-7 rockets	[redacted]
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Belts for 7.62 x 39	
	SA-7 launchers	
	SA-7 rockets	
	M-79 grenades	
	Freight, Ins., and other exp	
[redacted]	M-79 grenades	

Second

UNCLASSIFIED

5111

UNCLASSIFIED N 10597

FDN Expenditures and Outlays
July 1984 through February 1985 (Cont'd...)

Quantity	Item	Cost
Sealift #2 - May Arrival		
[redacted]	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Rounds linked 7.62 x 51	
	Hand grenades	
	M-79 grenades	
	60mm grenades	
	81mm grenades	
	82mm grenades	
	RPG-7 rockets	
	Claymore mines	
	50 cal API	
	12.7 ammo	
	57mm recoilless rifles	
	57mm ammo	
	Anti-tank mines	
	G-3 rifles	
	G-3 cleaning kits	
	AK rifles	
	G-3 magazines	
	AK magazines	
	Swedish K magazines	
	HK-21 machine guns	
	RPG-7 launchers	
	M-79 launchers	
	9mm pistols	
	AK-39 links or belts	[redacted]
	C-4	
Lot	Fuses and detonators	
Deposit paid		
Estimated cost		
Miscellaneous Expenses Since July 1984		
[redacted]	Uniforms	[redacted]
	Boots	
	Radio and comm equip	
	Air and ground transp	
	Military gear	
	Aid to southern front	
	Aid to Misuras	
	Food, family asst, upkeep of base camps, air force hospitals, etc.	
	Political activity - offices in various countries and cities, travel, p.r.	
	Acquisition two transp airplanes	

UNCLASSIFIED

14 Feb 85

UNCLASSIFIED

[redacted] N 7189

S/[redacted]

CERTIFICACION DE DESTINO FINAL

[redacted] [redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ MIL (10,000) rifles automáticos, los cuales serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

Calero Ex. #6

(5112)

UNCLASSIFIED

UNCLASSIFIED

[redacted]

N 7190

S/r. -

CERTIFICACION DE DESTINO FINAL

[redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

#25 89

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ MIL (10,000) libras de explosivo (HE) - C4 o TNT y UN MIL QUINIENTOS (1,500) detonadores variados, los cuales serán destinados para uso exclusivo del Ejército de [redacted] [redacted] y no serán reexportados ni vendidos a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

UNCLASSIFIED

[redacted] N 7191

S/r.

CERTIFICACION DE DESTINO FINAL

[redacted] [redacted] 14 de febrero de 1,985.

S.ñores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

1125 88

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será destinado para uso exclusivo del Ejército de [redacted] y no será reexportado ni vendido a otro país, siendo [redacted] el destino final:

A. 150 ametralladoras
B. 150 morteros de 60mm. -completos-.
C. 100 morteros de 81mm. -completos-.
D. 150 lanzagranadas M-79
E. -30 fusiles sin retroceso de 57mm.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

[redacted]

N 7192

S/r.

CERTIFICACION DE DESTINO FINAL

[redacted]

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por éste medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será -- destinado para uso exclusivo del Ejército de [redacted] y no ser reexportado ni vendido a otro país, siendo [redacted] -el destino final:

A. 10,000 granadas M-79.
B. -3,000 granadas de 60mm.
C. -2,000 granadas de 81mm.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

[redacted]

N 7193

S/r.

CERTIFICACION DE DESTINO FINAL

[redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATINAL
440 Maple Ave. East
Viena, Va., 22180.

1/25/87

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será destinado para uso exclusivo del Ejército de [redacted] y no será reexportado ni vendido a otro país, siendo [redacted] el destino final:

A. 3,000 granadas RPG-7.
B. --100 lanzagranadas RPG-7.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

UNCLASSIFIED

[redacted]

s/r. N 7194

CERTIFICACION DE DESTINO FINAL

[redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DOS MIL (2,000) minas anti-personales y UN MIL (1,000) minas anti-tanque, las cuales serán destinadas para uso exclusivo del Ejército de [redacted] y no serán reexportadas - ni vendidas a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

UNCLASSIFIED

UNCLASSIFIED

[redacted] N 7195

CERTIFICACION DE DESTINO FINAL:

[redacted] [redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por TRES MIL (3,000) LAW ROCKETS, que vienen destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

[redacted]

UNCLASSIFIED

[redacted]

N 7196

S/r.

CERTIFICACION DE DESTINO FINAL

[redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ (10) lanzacohetes tierra-aire y CINCUENTA (50) misiles tierra-aire, los cuales vienen destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni -- vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

UNCLASSIFIED

[redacted]

[redacted]

N 71

s/r.

CERTIFICACION DE DESTINO FINAL

[redacted] 14 de febrero de 1985.

Señores ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por CINCO MILLONES (5.000,000) de cartuchos Ball Ammo, calibre 7.62mm., los cuales serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siend [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme de ustedes atentamente.

1/25/88

[redacted]

UNCLASSIFIED

[redacted]

28NOV84

M AR 000057

CERTIFICACION DE DESTINO FINAL

[redacted] 28 de noviembre de 1,984.-

[redacted]

Estimado [redacted]

Nos dirigimos a usted, para manifestarle que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por CUATRO MIL-SETECIENTOS VEINTICUATRO (4,724) fusiles CETME calibre 7.62 NATO - con sus accesorios; y VEINTE (20) BROWNING 1919A4 ametralladoras - calibre 7.62 NATO, que hemos comprado de: [redacted]

Este material especificado viene consignado para uso exclusivo del Ejército [redacted] y no será reexportado ni vendido a otro pais, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme de usted, como su atento servidor.

[redacted]

UNCLASSIFIED

1/25/88 CALERO Ex #7

5113

Original

UNCLASSIFIED

SECRET/CODEWORD

HSIS 0045/87

Stenographic Transcript of

HEARINGS

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

WITNESS (W)

TESTIMONY OF [redacted] (Tomas Castillo)

Monday, April 20, 1987

UNCLASSIFIED (4095)

Partially Declassified/Released on 13DEC87
under provisions of E.O. 12356
by [redacted] National Security Council
K. Johnson

Washington, D.C.

UNCLASSIFIED

SECRET/CODEWORD

AR
ALDERSON REPORTING
(202) 628-9300

UNCLASSIFIED w

TESTIMONY OF [redacted]

Monday, April 20, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C. w

Deposition of [redacted] called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 10:17 a.m., the witness having been duly sworn, and the testimony being taken down by Stenomask by ANNE PELLECCHIA HOROWITZ and transcribed under her direction.

4095

Partially Declassified/Released on 23DEC87
under provisions of E.O. 12356
by [redacted] National Security Council
K. JOHNSON

UNCLASSIFIED

UNCLASSIFIED

APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

THE HONORABLE WARREN RUDMAN
ARTHUR LIMAN, ESQ.
Chief Counsel
PAUL BARBADORO, ESQ.
Deputy Chief Counsel
MARK BELNICK, ESQ.
Executive Assistant to the Chief Counsel
TOM POLGAR, Investigator

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran:

RICHARD J. LEON, ESQ.
Deputy Chief Minority Counsel
NICHOLAS P. WISE, ESQ.
Associate Staff Counsel

On behalf of the witness:

THOMAS E. WILSON, ESQ.
MARY BETH SULLIVAN, ESQ.
WILLIAM F. PENDERGAST, ESQ.
Seyfarth, Shaw, Fairweather & Geraldson
1111 19th Street, N.W.
Washington, D. C. 20036

UNCLASSIFIED

CONTENTS

	EXAMINATION ON BEHALF OF	
WITNESS	SENATE	WITNESS
w [redacted]		
By Mr. Barbadoro	4	
By Mr. Wilson		196

EXHIBITS

w [redacted] EXHIBIT NUMBER	FOR IDENTIFICATION
1	6
2	31
3	53
4	60
5	140
6	142
7	142
8	142
9	171

PROCEEDINGS

SENATOR RUDMAN: If you would remain standing, please raise your right hand. Do you swear that the testimony you are about to give in the course of this deposition should be the truth, the whole, and nothing but the truth, so help you God?

W [redacted] I do.

SENATOR RUDMAN: You can be seated.

Whereupon,

W [redacted]

called as a witness by counsel on behalf of the Senate Select Committee, having been duly sworn, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE

BY MR. BARBADORO:

Q W [redacted] when did you became the Chief of Station [redacted]?

A I decline to answer.

SENATOR RUDMAN: W [redacted] I am going to read an order to you, to you and your counsel, and I am going to put it in the record at this time.

It is United States District Court for the District of Columbia, the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, the United States Senate, Washington, DC.

The order was filed March 30, 1987.

Upon consideration of the application by the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, upon determining that the procedural requirements of 18 U.S.Code Section 6005(b) have been satisfied, and upon consideration of the application of Independent Counsel Lawrence E. Walsh under 18 U.S.Code Section 6005(c) to defer this order for 20 days from the date of the Select Committee's request for the order, it is, this 30th day of March, 1987, ordered that [redacted] may not refuse to testify and provide other information at proceedings of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition on the basis of his privilege against self-incrimination, and it is further ordered that no testimony or other information compelled under this order (or any information directly or indirectly derived from such testimony or other information) may be used against [redacted] in any criminal case, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with this order.

And it is further ordered that this order shall become effective on April 19, 1987. Signed by the United States District Judge, dated March 30, 1987, Aubrey E. Robinson, Jr.

[redacted] upon reading that order, it is the opinion of the Committee that you are now compelled to testify and you need not assert your Fifth Amendment privilege before answering the questions. The privilege we understand you have asserted. The Immunity Order gives you immunity that the law allows and we can now proceed with Mr. Barbadoro's question.

Paul, I am going to stay here for just a few minutes and then I will leave.

MR. BARBADORO: I would like to mark this order as [redacted] Exhibit #1, and the record should reflect that I have handed [redacted] a copy of the order as well.

(The document referred to was marked [redacted] Exhibit Number 1 for identification.)

MR. WILSON: Mr. Barbadoro, for the record, it is our understanding that while this proceeding has been denominated a deposition it is considered by the Committee to be an executive session and executive proceeding of the Committee.

MR. BARBADORO: It is considered to be an executive proceeding but it is a deposition rather than a Committee hearing.

BY MR. BARBADORO: (Resuming)

Q w [redacted] we know from the records that we have reviewed and the witnesses we have interviewed that you played a significant role in the development of the southern front military forces. Who gave you your instructions regarding the southern front?

A Well, first of all, let me start by saying that, the exercise of privilege aside, I appreciate the opportunity to explain exactly what my role was. Your question uses the word "developed". That isn't quite a clear description of my role in working with the southern military front of the Nicaraguan resistance.

Q Well, why don't you just describe what your role was?

A To briefly describe it -- I think we'll get into it and we'll get into it certainly as my testimony goes on -- is that it begins with July, 1984, when I arrived [redacted] and assumed command of the CIA station [redacted] And by that time there had already been a southern front, primarily under the direction of Eden Pastora, with a smaller military force under the direction of Fernando Negro Chamorro.

My arrival came after the Boland Amendment had taken effect and, therefore, my responsibility was essentially to maintain contact with these people over whom we had questionable control at any time during their development prior to my arrival there.

So, it was basically an intelligence collection operation to determine what they were doing. And as time progressed, of course, we developed more and more expertise in learning what they were doing. But to say there was any control on our part would be inaccurate, even at times ludicrous, given the nature of these people and their circumstances at that time.

Q Well, it was more than just an intelligence collection operation, wasn't it?

A Yes. The other half of it was political action activities, [redacted] So, it was sort of keeping them all together and keeping them looking at what their primary objective was, the democratization of Nicaragua, rather than -- and to keep them apart when conflicts arose or to straighten out or mediate among the various leaders and political figures and so forth, [redacted] It was a different situation.

I would say that virtually at no time did we ever have control. I certainly did my best to exert influence on them, but I was able to do so only to the extent that [redacted] allowed it. [redacted]

Q Let me go on here, though. It was more than just an intelligence collection operation. You were given, for example, specific instructions to separate Pastora's commanders from Pastora, were you not?

A No, I don't recall ever receiving specific instructions. I think it was my own strategy to attempt to diminish his influence with the fighting forces inside because he was so erratic, so uncontrollable, creating so many problems for the U.S. mission and U.S. policy [redacted] [redacted] In terms of a specific instruction, I don't recall that there was a specific instruction.

Q Did you come up with a plan to subvert Pastora's commanders from Pastora?

A Well, it was sort of an evolution. In terms of that's what -- we recognized -- let me stop. We recognized that inside Nicaragua there were approximately, well, over a period of time, from [redacted] to maybe [redacted] fighting men who still had nominal allegiance to Eden Pastora, nominal in the sense that he remained either on the border [redacted]

And, by radio he would exercise his -- he would exercise demagoguery over his people inside, and coincidentally in terms of, in political terms, the need to have Negro Chamorro, the man who was, and with his small group of fighters about [redacted] --

Q Excuse me, [redacted] My question to you was did you come up with a plan to separate Pastora from his commanders?

A The question is too specific. I would say that I would like to think I did. Let me put it that way. But I think it was probably an evolved plan.

Q Who did you discuss the plan with?

A Oh, with the officers in my station, with headquarters officers. The more we could diminish Pastora and get Negro Chamorro and his forces inside to link up with the other forces, it created a more solid political situation.

The difficulties that Pastora presented to us in political terms simply created a very erratic, unstable political situation. He was always the fly in the ointment, in political terms. So as we tried to maneuver Negro and his forces to leave [redacted] and encourage them to follow what had been the political theme of the democratization or the pressure on the Sandinistas to get out [redacted] and inside, it also meant an equivalent reduction in the presence the position of Pastora.

Now Pastora was the nominal leader. The commanders inside had a dialogue with him by radio and so forth, but in terms of military operations it was the commanders inside who made their own decisions.

Q I'm not asking you to explain the way Pastora related to his commanders. My question was simply did you come up with a plan, and I understand, your answer to be, yes, but you consulted with other people about the plan. Is that right?

A Again, I am at a loss to answer your question specifically, and I am certainly not trying to be evasive. It's just that as these discussions took place, as this thing, as this sort of nebulous situation became more definitive, I can say, sure, I discussed it with headquarters officers. There was cable traffic on it. But to say that there was an A, B, and C, no.

Q Let's do it this way. You became Chief of Station [redacted] in July of 1984. What was your assignment immediately prior to being Chief of Station?

A I was Chief of [redacted] at Headquarters for the Central American Task Force. That meant I was responsible for all of the non-military activities of the Central American countries, primarily dealing with press, propaganda, political action operations, political programs -- in other words, dealing with all of the problems and so forth surrounding the Nicaraguan resistance primarily and how they impacted on the other Central American political situations [redacted]

Q Was [redacted] your immediate superior?

A Yes, he was.

Q And Dewey Clarridge was Chief of the Latin American Division at that time?

A For a period of time. I don't recall exactly when he left, but for the most part while I was there, yes.

Q Do you know why you were chosen to be Chief of Station [redacted]

A Well, one likes to think that I was the best candidate for the job.

Q Who informed you that you were chosen to be Chief of Station?

A Dewey Clarridge, the Division Chief.

Q Did you have any discussions with Dewey Clarridge at that time about what you were supposed to be doing regarding the Contras [redacted]

A Well, to conduct all of the headquarters-directed operations and to continue the on-going programs as they existed at that time. Of course, this was in the aftermath of both the Boland Amendment and the bombing attack on Pastora.

Q What was the status of the military movement in the southern front when you became Chief of Station?

A Poor, and it got worse.

Q How many men were in the field in July of 1984?

A Inside Nicaragua Pastora claimed [redacted] I never thought there were more than [redacted] to [redacted] the camps there were perhaps another 300 to 500.

Q Who was in charge of the military operations for the southern front at that time?

A Do you mean the station officer responsible?

Q Who was the Contra leader in charge of the military aspect of the southern front?

A Negro Chamorro for his group, and Eden Pastora for his group.

Q Were they working together or were they entirely separate forces?

A Entirely separate. Well, entirely separate. I guess there was some contact from time to time. Pastora nominally had brought Chamorro into his group, but it was more of a case of compassion on Pastora's part because Negro Chamorro [redacted] didn't really have control of his people, and so Pastora had agreed to bring or agreed with Negro to bring him into his group. But after the bombing attack on his camp [redacted] on May 31, 1984 --

Q Who is "his camp"?

A Pastora's camp. Pastora, of course, was severely injured and that's when things kind of started unravelling for him.

Q How were those [redacted] troops being supplied in July of 1984?

A Those troops had been supplied by CIA prior to the Boland Amendment cut-off and they received massive resupply, I guess, in the early part of 1984 and they lived on that for quite a while. Then Pastora had his own sources in the Christian Democratic Movement, the Social Democratic Movement, through Latin America and some help from [redacted] and some help, I guess, from Cuban-Americans in Miami, but none associated with CIA.

Q It was clear to you when you became Chief of Station in July that the CIA money was running out and the CIA was not going to supply the Contras again for at least a year, isn't that right?

A I believe that at that time CIA money had already run out. I gave no money from the time I assumed command to -- official CIA funds we're talking about, of course; it's not my money.

Q The money had run out, right?

A I'm almost sure. I don't know, but all I can tell you is I did not disburse funds to Pastora after I assumed command.

Q Did you have any discussions with Dewey Clarridge prior to becoming Chief of Station as to how the Contras were going to be supplied once you got down there?

A No, no.

Q There was no discussion at all about what would happen to that southern front force without CIA money?

A Well, you say did I have any discussions with Dewey Clarridge. My answer to that about that is no. I assumed and I don't know, I assume or I believe that or it was my impression at the time that they would get funds ~~for~~ from private sources.

Q Where did you get that impression?

A I don't know. I just can't tell you because it was just an impression that they would survive, okay, and that Negro and Pastora and the others would seek support from somewhere.

Q Did Clarridge say anything to you about private sources supporting the Contras?

A I can't remember that he ever did.

Q Did you have any discussions with the Director prior to going down to become Chief of Station?

A No.

Q You didn't meet with him?

A No.

Q Once you got your assignment?

A No. I'm smiling because the press is alleging all sorts of things and it is simply not true.

Q Isn't it customary for someone before he's made Chief of Station to have a meeting with the Director before he goes down?

A That depends. After all [redacted] is not a major station. It's not [redacted] I was only, I am only a GS-15, I am not in the senior service. It is customary for chiefs of station to be given the hail and farewell handshake, but --

Q You didn't have it.

A I didn't have it, no. I think the last person I saw may have been the DDO, Clair George, and I don't even remember if I did.

Q Did you have any discussions with George about how the Contras were going to be resupplied?

A No, sir.

Q Let me ask you about a meeting in August in 1984[redacted] Did you attend a meeting [redacted] Chiefs of Station in August[redacted]?

A Yes, I did.

Q What was the purpose of that meeting?

A It was a regional meeting, the Chiefs of Station [redacted] to discuss the status of their operations, the problems they were facing, and sort of an overview thing and to look to the future.

Q The Director was at that meeting, was he not?

A Yes, he was.

Q Was Clair George at the meeting?

A Yes, he was.

Q Was [redacted] at the meeting? It is my understanding that he was not.

A That's right, I don't remember him being there.

Q At that time he was the head of the Central American Task Force, wasn't he?

A Yes, yes.

Q In your experience, isn't that unusual for a meeting of Chiefs of Station to take place and the head of the Central American Task Force not to be there?

A No, Clarridge was there and certainly, you know, to have everybody leave Washington at the same time, I mean, who runs the shop back home? So since Clarridge was there, he is familiar, you know, all of the activities of the Central American Task Force, so I suppose that they decided to leave [redacted] to run things back home.

Q Is it safe to say that --

A That is an assumption on my part.

Q Okay. Is it safe to say at that time that it was Clarridge rather than [redacted] that really had the day-to-day control over Contras, CIA's Contra activities?

A Yes. If you know Clarridge, the only possible answer is yes.

Q Who else was at that meeting that was not in the CIA?

A Colonel Oliver North.

Q Anyone else?

A It seems to me there was somebody from State, but maybe I'm mistaken.

Q North came down with the Director, didn't he?

A Well, I really can't say. I arrived [redacted] and they were there, you know. I met them; they were there. I don't know how they travelled; I assumed they did.

Q Was that the first time you met Oliver North?

A Yes.

Q Did you find it unusual that he was, that a non-CIA person was at a Chief of Station meeting?

A Well, unusual, I'm not sure that -- no, I don't think so, although I had no previous experience. I mean, I hadn't been to -- that was my first Chief of Stations meeting. Secondly, however, I would have to say not unusual because I was aware that Oliver North had a close working relationship with Clarridge. And, you know, the fact that he was there did not seem unusual. I believe that when we did our overview, station overview, I don't think North was present. I think it was just the Director, Clair George, and Clarridge.

Q Do you know why North was there?

A I assume because we were talking about Nicaraguan political -- the Nicaraguan situation.

Q What did he do when he was there?

A I don't remember him speaking other than in the exchange of ideas and views and so forth. He didn't make a presentation or anything like this, like that. You know, it just, there was no --

Q Had you met North during your tour in the Central American Task Force?

A No, sir.

Q Did you have any personal discussions with him at this meeting of August?

A Yes.

Q What did you talk about?

A Well, it was not at the meeting. It was at a cocktail party on one of the evenings that we were there. We were there two or three days, and during one of the evenings we had a cocktail party. I went over to him and introduced myself and told him I was from [redacted]

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Q How long was that meeting with North?

A Oh, a few minutes on the terrace during the cocktail party.

Q And it was your first private discussion with him?

A Yes, private. I mean in front of other people.

Q What else did you talk about?

A Families, that sort of thing -- personal things. It's the only thing I can remember. I didn't talk about -- I don't recall talking about any other [redacted]

Q Did he say anything to you about the status of the southern front forces?

A I don't recall that he said or I said anything at the time.

[redacted]

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[redacted]

Q What else did you talk about in that meeting?

A We went over [redacted] aspects. I remember because that was the thing I'd really boned up on since that was where I was weakest. I knew the Nicaraguan situation obviously from my time in Washington, and I talked about some of the major operations that we had [redacted] that sort of thing.

Q Did you talk to him about Pastora and his troops?

A Well, that had all been covered in the overviews.

Q Did you talk to him, though, in this private

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meeting about Pastora and his troops?

A I don't remember saying anything about that.

Q Did he say anything to you about how the --

A No.

Q -- contras were going to be resupplied during this period when the Boland Amendment was in effect?

A No. I frankly can't recall anybody saying anything. It was an assumption on my part, and I can't specifically say from where, that they would survive somehow with private assistance.

Q And, to your knowledge, there was no discussion at this meeting [redacted] about how the Contras were going to survive during the period the Boland Amendment was in effect?

A To the best of my recollection, no, there was not.

Q Were you given any instructions at that meeting as to what contacts you could and couldn't have with the Contra forces?

A Oh, well, it was all specifically, yes, not only then, but prior to going down as a result of the Boland Amendment that it was strictly intelligence collection and keeping the political worms in the bucket until, of course, Congress decided to resume funding and we did not know how long with was going to be.

Q Had you conceived of your plan to separate Pastora from his commanders by that point?

A No.

Q When did you develop that plan?

A Much, much later. I guess it was in, if there was even, as I say, a plan, it was kind of a thought process. But when we received a report, [redacted] that the two commanders, two or three commanders inside Nicaragua had met with commanders [redacted] of the FDN [redacted] and that they, on their own, sat down and signed a pact that they would cooperate with each other in the field regardless of what their political alliances might be -- meaning that [redacted] the FDN out of [redacted] and the ARDE commanders nominally under Pastora from the south, that they agreed that in the field they would work together, and this occurred in November, 1985.

Q When you say ARDE, that included Pastora's people. It also included Blackie Chamorro's people?

A No. Blackie, Negro Chamorro, had his own organization called UDN/FARN which stands for the National Democratic Union/Nicaraguan Revolutionary Armed Forces. And as I say, there was a period in 1984 when they had sort of joined together, but this dissipated over the period of 1984-1985, I think mainly because Pastora was sort of patronizing toward Chamorro, and it wasn't really what you might call an alliance between two leaders.

Q What were the names of Pastora's principal military commanders? Was [redacted] one of them?

A No [redacted] Please now, you are calling back things that over the time have eluded me. [redacted] I believe, was under Negro Chamorro. Under Pastora there was [redacted]

Q Was there a guy nicknamed [redacted]

A Yes. [redacted] was one of the field commanders. He wasn't one of Pastora's, say, headquarters staff. [redacted] was a field commander inside, and there were other field commanders inside besides [redacted] -- six to eight. Well, two of these or three of these were the ones who in November of 1985 met with [redacted] and signed this pact.

At that point the thought process crystallized, and we saw the opportunity, I saw the opportunity -- "we", I'm talking about my station officers who were involved in this -- to capitalize on that because it was the first time that the south had ever had any kind of rapprochement with the north, with the FDN, and obviously for political reasons this brought together the things we were not able to accomplish in terms of Adolfo Calero and the FDN, with Alfonso Robelo and Arturo Cruz in the south.

So we thought that the political process could be stimulated by the fact that the field commanders, that the patriotic objectives would form the basis for an actual political unity.

Q That was in November of 1985?

A November of 1985, correct.

Q Let me ask you then, who is [redacted]

A That is Eden Pastora.

Q Well, isn't it true that this plan had really been conceived as early as June of 1985?

A Well, again I'm not sure that I can call it a plan.

MR. LIMAN: Call it an idea for this purpose.

THE WITNESS: It is a concept, and I felt that anyway that I could work to diminish Pastora's influence, that that would, first of all, raise up the stature of the Negro Chamorro people who were aligned with Robelo and Cruz in the south that worked politically together with them and that then that idea and the fact that Pastora's duplicity with his own commanders could bring about an amalgamation of the military people in the field and that this would give substance and support to the political types, [redacted]

I mean, it was sort of trying to do two things at the same time. To what extent it was an idea or a plan it is very difficult to define because we had nothing, no leverage. We had no leverage whatever either on Pastora or on the field commanders because we couldn't deliver anything to them.

MR. BARBADORO: I will get to that for a moment.

SENATOR RUDMAN: Paul, if you will suspend for a moment, our rules do not require me to stay for this examination, so I am going to excuse myself on the record. Thank you very much. I have another meeting to go to this morning.

MR. BARBADORO: Thank you, Senator.

[redacted]

[redacted]

We were certainly trying to give status, political status, to UNO. It was, after all, the umbrella organization of the Nicaraguan resistance. By the same token, we still had to deal with Pastora as a tangential, influential, disruptive individual [redacted]

Now here we are one the one hand trying to raise the political status of UNO to say that it really represents the broad spectrum of the Nicaraguan opposition, from the social democratics on the one side to the right-wing conservatives on the other. And yet we had those loose cannon sitting out there in the form of Pastora, who could adversely affect things that we had been working on for a considerable amount of time and put a considerable amount of effort into it.

In my capacity as Chief of Station in this particular situation, in this particular case, it was part of my responsibility in order to promote the one organization. [redacted]

[redacted]

THE WITNESS: [redacted] And with Pastora, the more that we could do to diminish his influence and at the same time elevate the influence of others, it was -- it served our objectives.

MR. LIMAN: When you say our objectives, whose objectives?

THE WITNESS: The U.S. Government's.

MR. LIMAN: And who communicated those objectives to you?

THE WITNESS: Well, some of them I initiated and I proposed to headquarters, as in this particular cable.

MR. LIMAN: Well, who is headquarters?

THE WITNESS: Washington, the CIA, the Central American Task Force.

BY MR. BARBADORO: (Resuming) C/CATF(c)

Q But at that point it's [redacted] isn't it?

A Well, sure.

[redacted]

MR. LIMAN: So it is [redacted] you're talking to about that?

THE WITNESS: Sure, and let me say that this is one of hundreds of instances, not only in the case of Pastora, but all others, where we had political operations and there were things that I would, operations that I would propose, operations they would propose, and ask for my views on it and the constant give and take over two and one half years had God knows how many exchanges similar to this.

We made a proposal. They said stand down on it. Okay, we'll stand down on it. Maybe next month there might be more propitious opportunity, and might even say, hey, we'd like to resurrect this old idea, and they may say, hey, now is a good time to do it.

So that's part of the dialogue that works in a good situation between headquarters and the field. It doesn't always work that way. Sometimes there is misunderstanding. Sometimes, you know, we are not always in sync. But generally, that's the way it works. So to bring out one piece of paper and try to say, you know, did you have a plan --

BY MR. BARBADORO: (Resuming)

Q Whatever you want to call it. Let's call it an idea.

A In my view it was a concept because Pastora was a disruptive element and what we needed to do was put him aside and at the same time enhance the organization that we had that we were supporting.

Q Did the concept involve causing Pastora's commanders to break away from him and unite with the FDN forces?

A That is a misconception. What happened is that in December of 1985, after this pact had been signed, the commanders came out of Nicaragua and they came out, three or four of them did, and they were of one mind. They were going to confront Pastora and say 'we need support now. We can't take it any more. We're being decimated in the field, and if we don't get support, we're going to go talk to the UNO people.'

And in fact, in December they came out. We heard they came out. They did in fact meet with Negro Chamorro and Negro Chamorro's assistants. They met with Alfonso Robelo [redacted] The discussions, they were the initiators. We responded to their interests and their interests were to obtain support. We could not promise them support, but what we did do was to encourage them to get back inside, to take Negro Chamorro's people with them so that there would be unification of their efforts in opposition to the Nicaraguan regime.

What Robelo may have promised them, what Chamorro may have promised them, whether they were empty promises or promises that -- it was something that I did not participate in.

MR. LIMAN: Even if you didn't participate in the mass chief of station, you surely would want to know what those promises were. That's part of intelligence gathering isn't it?

THE WITNESS: Well, it was, but as it turned out --

MR. LIMAN: What did you find out?

THE WITNESS: I want to say that we found out that Robelo did promise them some help, but I am not certain that I can. I'm not certain that I can.

MR. LIMAN: You are not certain that you can because of your memory or because that you don't want to talk about it?

THE WITNESS: No, no, memory. Wait a minute. Everything in this room, sir. I mean, everything I'm saying is absolutely on the table. I am not in any way trying to dissemble or to be obtuse.

MR. LIMAN: That isn't want I was trying to put to you. I just wanted to know whether there were some subjects that you were just uncomfortable talking about.

THE WITNESS: Sir, if there are any subjects I am uncomfortable talking about, I am going to tell you I am.

MR. LIMAN: Okay, fine, as long as we have that understanding.

THE WITNESS: I have a problem with this in that I simply am not sure. Now, I'd have to look at our cable traffic for the period of December, January -- December of 1985, January of 1986 -- to tell you that.

MR. LIMAN: But you understood that the reason or one of the reasons that they were dissatisfied --

THE WITNESS: You're right, I misspoke.

MR. LIMAN: With Pastora was the fact that they weren't getting supplies.

THE WITNESS: You're correct.

MR. LIMAN: Now they're going to go along with Chamorro and what did you find out about the commitment for supplies?

THE WITNESS: Let me clarify. My attitude was throughout this period to be as careful as I possibly could concerning matters dealing with the Boland Amendment. I wanted to be absolutely sure. I wanted to be absolutely sure of the fact. That I may not have been at certain times is the nature of the business.

But I consciously tried not to get into a position where these commanders would turn to me and say or expect from me, from CIA, because they knew who I was and they knew who my officers were, to expect from us lethal support, okay?

MR. LIMAN: You didn't want to promise them more than you could deliver?

THE WITNESS: I knew I couldn't deliver anything. When I met with them I knew I couldn't deliver anything. Yet, I did not want to be placed in the position because this was a very delicate negotiation. I did not want to be placed in the position whereby if they asked, and I couldn't deliver, that what we were trying to accomplish in terms of the political unification might suffer.

I frankly avoided that point with them. That's what I was trying to say when I said it before. Yes, we did have a responsibility, in response to your question, to collect intelligence on what was discussed between Negro and the commanders, and between Robelo and the commanders.

MR. LIMAN: But you must have seen that as quite a dilemma. One the one hand, you wanted to encourage them to join up with the UNO people, and, on the other hand, you weren't in a position to deliver lethal aid at that point.

THE WITNESS: That is correct, and that goes to the very crux of the matter of my responsibility at that time. I essentially was doing all of this and it reached the peak at that time in January of 1986. I was doing all of this with mirrors, the whole question of bringing these people together. We had nothing to offer them. And at the same time here we were trying to keep them pointed in that direction.

Believe me, it was not easy. I tried not to be duplicitous with them. I tried to be as honest as I could. Obviously, we kept hoping with each time that the issue came before the Congress that, well, three or four more months, let's see if can't last until then. And then, you know, a negative vote and you are down again. And you wait until the next opportunity.

I did tell them that we were optimistic about the April vote, which was only four some months away, the April, 1986, vote. Well, you know what happened to that one. In any case, in what I consider an act of really extraordinary good faith, they decided to bring Chamorro's troops with them back inside, or take them inside with them, into Nicaragua. And really, they were kind of, you know, betting on the fact that there would be the resumption of aid.

BY MR. BARBADORO: (Resuming)

Q When was that?

A That was December, January of 1986.

Q Didn't you have some other leverage at that point? Hadn't the humanitarian aid started at that point?

A I don't know what impression you have or what you've heard from others about the humanitarian aid, but the humanitarian aid, for all the good it did in the south, was virtually useless. We couldn't get the deliveries. People inside were unable because they didn't have adequate communications. The terrain was horrible. They were illiterate, untrained in the receiving of supplies, so the humanitarian aid, whatever there was, as it was administrated by State went through either the people there [redacted] the various groups [redacted] and I think we got one, maybe two deliveries by air inside.

But it was a very unsatisfactory thing. What it did more than anything else was it offered false hope that was only satisfied to the commanders inside who needed a hell of a lot more than just, you know, some boots and uniforms and something. They needed everything right down to salt, aspirin, and bandaids, and --

Q Did they go to the field with that hope? Take your time. Take as much time as you need.

(A discussion was held off the record.)

MR. LIMAN: Back on the record. The whole purpose of this inquiry is to learn.

THE WITNESS: The problem came about when there was great optimism, great anticipation for the people inside who had been deprived for so long to receive something that would at least enable them to survive. My anticipation, which I'm sure was communicated through me, through my officers to the resistance was, oh, now we have $27 million that we have. We can't give you guns and bullets but at least you will have, you will be able to take care of your people.

And the $27 million, whether it was administratively misused or not misused, or however, we found that while the State Department people did as good as could be expected, there was never a substantive assistance given to the people in the southern front. There are lots of technical reasons, I guess, why -- planes, flight crews, getting the stuff on a timely basis, whether it be pants and shoes and medicines.

And there were instances and I can recall one where the plane full of non-lethal supplies, paid for by NHAO, had to make an emergency landing in the [redacted] International Airport in the middle of the night with a blown engine.

I sent my deputy out to the airport and he was able to keep the crew on board. Finally, the customs people came out and said, what's on there? And the deputy sort of said, well, this is a private flight, and so forth. And then -- not indicating what it was -- but it was loaded with boots and so forth, all with stenciled markings on these big plastic bags full of supplies.

And then, finally, when the plane took off, it again had another problem and it landed it at [redacted] [redacted] where it was confiscated [redacted] We helped out through our [redacted] friends, telling [redacted] [redacted] that in fact there was a flight planned for that aircraft from [redacted] I mean, it was just a badly run Mickey Mouse operation. And what happened was the people inside who expected better didn't get what was expected.

BY MR. BARBADORO: (Resuming)

Q Did they go to the field in part with the hope that they were going to be given some of this humanitarian aid?

A Well, they were already in the field. They had been there since 1982, and they said, as they still say to this day, that with our help or without our help, they are going to continue the fight.

Q In January, you signed an agreement, or an agreement was signed, with the southern front commanders, was it not?

A Yes.

Q Who negotiated that agreement?

A We mediated it.

Q Who is we?

A The station officers.

Q Who was involved in the negotiations?

A The ARDE commanders negotiating with Negro Chamorro, and, for the UNO people, Alfonso Robelo, Negro Chamorro.

Q Were there any representations made --

A Maybe facilitated would be a better word than mediated.

Q Okay, were there any representations made by the UNO people as to what kind of support the southern front people would get?

A I think there was, but I can't answer with any degree of certainty. I'd have to look at the cable traffic for that period.

Q Was there anything said about military support for them? Were they going to help them get arms?

A I hesitate to say yes, but I'm not sure because I'm not sure.

Q Was there anything said to them about how they were going to get food and medical supplies?

A Yes, well you know, we had -- that was another problem. You see, all of the supplies going into these people had to be done by air or by sea. It could not be done over the land for a number of reasons, [redacted]

Secondly, the Sandinistas, the Sandinista military, controlled the border areas [redacted]

The Sandinistas either patrolled or had mined all of the trails on the Nicaraguan side. We even feared that they may have crossed on some occasions because we had reports of mines going off on [redacted] side. The Sandinistas crossed over and mined parts of [redacted] side. So, any kind of -- for example, if you wanted to send 50 100-pound bags of rice into Nicaragua, you couldn't do it by land. I mean, you couldn't put it in the back of a truck and send it up because there was no way to get it in and that was the once you got it across [redacted] there was nobody who was going to carry it north.

So all of the supplies had to go in by air. That's why we had counted so much on the Nicaraguan Humanitarian Affairs Office to provide the air delivery of the supplies.

Q Did the FDN have the capacity to fly flights directly to the resistance forces in the south?

A Well, they had a couple of old planes -- a C-47, I think, and I think they had a DC-6, but it was on the ground out of service more than it was up in the air. And then there was a problem with some of the pilots where they were afraid to fly in hostile territory. Well, you can imagine how much more difficult it would be to get south [redacted] than it would have been from their own.

So what we ended up with was the situation whereby they took -- the easy path was taken. Sure, they supplied, the $27 million was used to supply the people it was easiest to get deliveries to. But the people who needed it so badly, the ones in the south, with the exception of one, maybe two, flights, they got nothing.

Q Was the FDN capable of flying [redacted] to southern Nicaragua and back without stopping for fuel somewhere?

A I think the plane is capable of flying, but I'm not sure. I mean, if the plane was in perfect operational condition, it would be capable of doing it. But, from my understanding of what those planes were like in terms of their avionics, or lack of avionics, and their age and their mechanical condition, I don't think they could have made it all the way down and all the way back.

It would have had to have been done by Nicaraguan Humanitarian Assistance people contracting with commercial companies.

Q When that agreement was reached in January did the commanders, the southern front commanders, think they were going to be supplied? What was said to them about how they were going to be supplied?

A I'm not sure. I'm just not sure. I know I emphasized the fact that the program was coming up for a vote again in April and that the resumption of support would be official support if the Congress voted the funds.

Q Did they come out of the field in January to negotiate this agreement?

A Four or five commanders did. You'd have to look at the traffic.

Q Right. And that was negotiated [redacted]

A (Nods in the affirmative.) [redacted]

Q And then they went back into the field?

A And then they went back. Yes, I think they all went back. One or two may have stayed behind to get some medical problems taken care.

Q Weren't they going to depend on the private benefactors to resupply them in January?

A The private benefactors, to the best of my knowledge, at that time did not have their act together yet. In other words, to be able to supply them from, to be able to supply them in the south.

Q How were they going to be supplied when they went back in to fight? Who was going to give them the medicine that they needed and the food that they needed?

A Well, we gave them -- I know when Negro Chamorro's people went back in, we gave them or Negro Chamorro got from the Nicaraguan humanitarian, as much as they could carry on their backs.

Q But they were going in for a long time.

A They had been in for a long time, okay? They had been in since 1982 and they had done without, with the exception of a very little bit that Pastora was able to give them. They had been living, surviving throughout that period. They were really guerrillas in the true sense of the word, at least much better guerrillas than the people in the north in that they were able to capture supplies from their adversaries.

Q It was clear in June of 1986, based on the messages that you were sending, that you were very concerned about these people that were out in southern Nicaragua fighting, that they may be starving to death, that they had mountain leprosy. You were concerned about that in June. Were you concerned about that in January?

A Yes, and the previous January. Yes, throughout the time I was there.

Q How did you think they were going to be supplied?

A (Nods in the negative.) Until the private benefactors at the end of January, early February, were able to, when they came, when they made, when they offered to deliver the supplies, I didn't know how they were going to do it.

Q When did you get the offer from the private benefactors?

A It was late January, early February, I believe.

Q How was the offer communicated?

A You are really testing my memory with this.

Q I understand. How was the offer communicated?

A Either from Colonel North -- I guess it was from Colonel North.

Q Do you?

A Oh, yeah.

Q And how was that communication accomplished, by telephone?

A Yes, I think so.

Q Tell me about that call.

A I was on the phone a lot with Colonel North. And of course everybody here in Washington was very excited, I guess, about the alliance, the pact, the agreement that had been signed among what we now call the non-aligned commanders, as to distinguish them from the ARDE commanders and Negro Chamorro.

I was on the phone frequently with North, but in spurts. It might be three or four weeks that would go by that I wouldn't talk to him, and then I might talk to him three or four times in a row, days in a row, and this was on a secure line from the embassy to his office at the NSC. I have to assume that it was at this time, during this period, because it seems like the natural time sequence that he said that the private benefactors were prepared to deliver a plane load of supplies to the people inside.

This was after the pact had already been signed and after the commanders had returned inside -- or at least I no longer had contact. I had no longer direct contact with the commanders. There's a point I wanted to make. Yes, okay. So he said that he had, that he could arrange, or that delivery could be arranged. Although I don't think he said that he had direct control, my impression is that he certainly would be influential or could be influential in seeing to it that the southern front got some supplies.

Okay, I'm giving you impressions. Again, I could be off on the timing of this.

Q Let me give you a point of reference. North and his family came to visit [redacted] in December.

A No.

Q No? You tell me the date.

A Late February, March. About then.

Q Okay. Was it before or after this visit that North told you that the private benefactors might be able to help support the southern front?

A Before.

Q Okay. So you're thinking is that it probably was sometime after the agreement was signed with the southern front commanders and sometime before February when North and his family came down?

A To the best of my recollection, yes. Again, I say it's hazy. But it certainly was after the commanders.

MR. LIMAN: Did he use the term private benefactors.

THE WITNESS: Private sources, private something.

MR. LIMAN: The term private benefactors ultimately came into your vocabulary didn't it?

THE WITNESS: Yes. I think it may have been me that used the word for the first time, benefactor. I don't know why.

MR. LIMAN: Did you know who they were, when North said that he could arrange the private airlift of supplies?

THE WITNESS: No, sir. And of my own knowledge to this day, I do not know who they are.

MR. LIMAN: And why did you ask North about arranging the private airlift as opposed to [redacted] C

THE WITNESS: I don't know. No, no, it was North who offered it to us in the south. Now let me get back to something else. I think I have the point I wanted to make.

It was my understanding also at that time that, based on or as an outcome of the Nicaraguan humanitarian assistance and the communications assistance, that it was proper for me to pass information to the resistance which would or which could be used for the safe delivery of supplies to them. Let's see, I got a bit ahead of myself.

So when North offered to arrange for the private benefactors to deliver supplies, my question was a question of is this legal, is this proper, for me. He said, well, actually all you'd be doing is passing information in terms of where the drop zones are, which would be information I would obtain from the commanders inside, and, on the other hand, to pass information to the commanders when the drop was expected, and how they should be -- that they should be positioned to receive it. That seemed acceptable to me to play that role.

Now what was your other question? I thought you asked a question and then Tom passed you a question.

[redacted]

Pages 54 to 58

DENIED IN

TOTAL

[redacted]

Q Around this time, did you have any discussion with [redacted] about the building of an airstrip in Costa Rica?

C

A August of 1985?

Q Yes.

A No. The idea I don't even think had been

Page 60
DENIED IN
TOTAL

[redacted]

Q The Ambassador started in Costa Rica in July of 1985 is that right?

A Yes, correct.

Q Ambassador Tambs has testified in his deposition that he was sent to Costa Rica with his principal instruction being the opening of the southern front. Did he tell you that [redacted]

A Immediately [redacted]

met at his residence with the defense attache and with the deputy chief of mission at which time he said that his mission in Costa Rica was the -- what was it? -- was the establishment or the development or the support of the southern front in terms, as I understood them, of both military and political.

Q Did he say who had given him that mission?

A Yes.

Q Who was that?

A Colonel North.

Q What else did he tell you about what North had told him?

A I don't remember. [redacted] And I don't remember much more about the meeting other than that or any more.

Q Did it surprise that an ambassador was being given an assignment to establish a southern front by a National Security Council staff officer?

A No.

Q Did you understand the Ambassador's instructions from Colonel North to be consistent with the requirements of the Boland Amendment?

A Yes.

Q How could the Ambassador establish a military front in southern Nicaragua consistent with the requirements of the Boland Amendment?

A Well, my interpretation, as I reflect on it, and I'm not sure what my thought was then, but this is my impression of that conversation now, is that he was talking in a generic sense about the southern front, the southern front he meant in a political as well as the military, and essentially trying to do the same things I was doing in keeping the southern front military viable in terms of its position vis-a-vis the political side, and to encourage them not to lose faith, not to lose hope, that things would change as the Sandinistas demonstrated more and more the totalitarian aspects and that the Congress would get -- that's what I would have understood it to mean.

I certainly didn't infer from what he said nor did I think he meant to imply that there was any kind of violation of the Boland Amendment intended.

Q So you took his instructions to be to give moral support to the military forces in the south and nothing more until Boland was changed?

A Well, to support my operational activities. My operation activities, that he would do whatever was necessary in support of what we had as specific operational objectives, that being to keep the political worms in the bucket at that time.

[redacted]

Q At any point in 1985 did you tell the Ambassador about the CIA's plan not to have contact with Pastora and to separate him from his commanders?

A The Ambassador was well aware of my efforts to elevate the status of UNO and to diminish the status of Pastora.

Q Okay. In that initial meeting with the Ambassador that you described earlier did he tell you about his desire to have a Contra resupply airfield constructed in Costa Rica?

A No, I don't recall that.

Q Did you have discussions with the Ambassador prior to [redacted] August 12 [redacted] in which there was apparently a discussion about the building of an airfield in Costa Rica for Contra resupply?

A There may have been in conceptual terms. I'm sure I said to him things like, you know, if we ever get the money it would be great to get an airfield [redacted] in Costa Rica to be able to resupply these people inside and so forth and so on. But I can't specifically remember it I actually spoke in such definitive terms.

[redacted] Tambs and I probably did discuss in conceptual terms such a thing because he was the type of person that you could talk in conceptual terms to, and then he would suddenly run off with the ball and sometimes before you could reach out to him and pull him back in, he had done something or other that perhaps had gone beyond, you know, just brainstorming.

Q Was it in your mind of August, 1985, that an airfield would be helpful to the Contra resupply effort if the CIA were ever to get back into business?

A Absolutely. Absolutely. I mean, it was an essential in my view.

Q Did you ever tell that to anybody?

A Oh, I'm sure I did. I mean, why not? Why wouldn't I have? Sure I would have.

Q Did you ever tell it to Colonel North?

A I don't think so. August of 1985? I didn't have -- I don't know. I don't think so, but I don't know.

Q Let me ask you this. Colonel North's travel records show that on August 10, 1985, he made a one-day trip [redacted]. He left on the, it is my understanding he left on the 9th, was there on the 10th, and came back on the 10th. Did you meet with him at that time?

A Did he travel with [redacted] C?

Q I can only tell you what his travel records show. Hang on just a minute.

A I don't know.

Q Hang on just a minute.

I will represent to you that his travel records show that he left Dulles on August 10, arrived that day [redacted] and left [redacted] the next day on the 11th. Do you recall meeting with Colonel North on that trip?

A I don't have any recollection of that trip whatsoever.

Q Between August of 1984, when you first met North, and August of 1985 [redacted] did you have any meetings with North?

A Although I can't give you dates, I believe I did, and to my recollection is that I met with him here in Washington a couple of times.

Q What were the purposes of those meetings?

A Again, this is general impressions because I can't recall the exact discussions -- to keep up a friendship or an acquaintanceship. At that time I found him to be very bright, articulate, charismatic. I enjoyed being with him. He certainly had a thorough grasp of the political dynamics involved on my side of the activities. I found that he was very sympathetic to my views concerning the political situation there.

After all, he was Deputy Director of Political-Military Affairs for Central America. I also knew that he was on this RIG, this regional, or whatever it is.

Q This Restricted Inter-agency Group?

A Yes. This Restricted Inter-agency Group. And obviously I felt that it behooved me to be able to get my thoughts, give him my impressions, my views, about what was happening so that he would essentially represent, accurately represent, again in my view, the political situation in the south. So there was the personal side and there was the political side.

Q Did you decide in August of 1984 that you wanted to develop this acquaintanceship?

A No.

Q When did you decide that you wanted to develop this relationship with Colonel North?

A I think several months after that I was up here and I just gave him a call, as I do with people. I call them up to say hi, how are you, why don't we get together for a beer.

Q When was the next time you recall meeting with him after August of 1984?

A I don't know.

Q And do you think you saw him maybe twice up here?

A Yes, two or three times. I'd, you know, have a beer near my hotel or at my hotel or something like that. He'd come by on his way home from work. We'd stop and chat about things, that's all. I think once I did go over to the NSC office, but I'm not sure when that took place -- 1984, 1985, 1986. There was once in 1986, but I don't remember when before that.

Q When was the first time you recall meeting with him in [redacted]

A When he travelled in December of 198 --

Q With McFarlane?

A Yes.

Q That's 1985.

A No, it was December of 1984.

Q You're right, excuse me. Poindexter was December of 1985.

A That's correct -- Poindexter and North.

Q Yes.

A December of 1985.

Q So the next time you saw North was in December of 1984. The next time you saw him in [redacted] was in December of 1984?

A That is correct.

Q And you saw him perhaps a couple of times after that up in Washington?

A After August of 1984.

Q After December of 1984?

A After December of 1984? Let me think about that.

(Pause.)

Yes, yes, I guess, I'm not sure.

Q During any of those meetings did you discuss with him the status of the southern front forces?

A Of course.

Q Did he give you any indication as to how they might be resupplied during the period the Boland Amendment was in effect?

A No. Not that I recall.

Q He didn't mention to you at that time the possibility of private sources being used to supply the Contras?

A No. You know, I can't definitively answer that question, but my impression is that he did not.

Q Did you discuss with him in any of these meetings your belief that an airstrip needed to be constructed in Costa Rica if the southern front were to be properly resupplied?

A I would have to give the same answer to that question. Until, of course, this August of 1985 period, I don't think the question of an airstrip came up at any time before Tambs arrived in Costa Rica, okay? That's July of 1985. My impression would be it just wasn't, it wasn't a viable thing, all right, to even have discussed it.

And the other point was Pastora's people were still Pastora's people. Chamorro's people weren't inside. If there was any talk of it -- and my impression now is that there wasn't, and I could be mistaken, but my impression is that there wasn't -- it was because it simply wasn't viable yet.

Q By August 12 it had apparently become viable [redacted] Is that right?

A Well, it was viable as far as Ambassador Tambs is concerned, okay? [redacted]

If it came up with him, and gee, wouldn't it be great if, you know, we could get something ready now for whenever we get the resumption of funds and so forth and so on. And there was obviously, and this is an important point to make, a great deal of tension at least from our perspective, mine, the CIA station chief, and on his part because the presence of these people [redacted] had, and I certainly must have added to the Ambassador's concerns, because these people were creating such a difficult situation [redacted] can't you get those people under control? Can't you do it, look, they just do this and that, I mean it was just one headache after another.

Q So you had to find a way to get them into Nicaragua [redacted]

A I wanted them out [redacted] How they were going to get in? [redacted] They certainly had to get their act together and their guts in place and say no more [redacted] sanctuary, let's go in and fight the Sandinistas.

They were extremely -- and that is not an overstatement -- they were extremely reluctant to do so. Negro Chamorro to this day that I know of has yet to get inside Nicaragua. And the last time I remember Negro Chamorro being inside Nicaragua was in 1983 when he crossed the border [redacted] and attacked, if you can imagine, a guard post, a guard house 30 meters or 30 yards inside Nicaragua. And then when he started to get his, when the Sandinistas counter-attacked, he ran to a telephone on the [redacted] side and dialed me in Washington, D.C., at Langley headquarters asking for mortars!

(Laughter.)

So help me God! And I asked him, where in the hell are you calling from, and he said from the guard post at [redacted] He said, we are under attack, you need to send me arms, and I said, you've got to be out of your mind.

Q When was this?

A 1983. This is no joke. He called our outside line.

Q Some of your messages reflect that the fact that Chamorro did not have a lot of courage. Is that right, that people were concerned that it was hard to get him into Nicaragua to fight?

A That is an accurate representation. Yes, sir. Well, getting back to this, if I may, if you don't mind I would like to refer to some notes here that I wrote.

Q No, that's fine.

A Immediately after the Tower Report came out to correct some inaccuracies that I saw in there, that question of the airstrip came up several times in the Tower Commission Report. And just to give an appreciation for what my recollection was at that time.

[redacted]

This refers to page C-12, right side of the page in the Tower Commission Report. Partially quoted as, learned of the airstrip project from a CIA field officer.

MR. WILSON: That was Tambs.

THE WITNESS: My comment is this statement by Ambassador Tambs is inaccurate. According to my recollection, the continuing presence of the Nicaraguan resistance elements [redacted] caused constant political friction [redacted] who felt that these elements were the responsibility of the U.S. government who had been supporting them prior to the Boland Amendment cut off.

Likewise, it was recognized that these elements would not leave their [redacted] sanctuary unless they could be routinely supplied inside southern

Nicaragua. And there was no secure or practical means of doing so other than by aerial resupply, which necessitated a site in Costa Rica where the resupply aircraft could be refueled.

BY MR. BARBADORO: (Resuming)

Q Let me ask about this. Oh, finish that.

A Coincidentally, there was a growing apprehension [redacted] that the Sandinistas would use their military capabilities [redacted] The Sandinistas had already attacked [redacted] and did so with impunity.

Since Costa Rica has no army and depends on a constabulary for its defense, authorities felt that other arrangements for defensive resupply needed to be considered -- that is, a landing field [redacted] where U.S. and other Rio Treaty pact nations could land military aircraft.

[redacted]

[redacted]

Q What did you understand this airstrip was going to be used for?

A Initially I envisioned it as -- let me stop there. Let me correct that. It my impression that at the time [redacted] there was no thought, no thought had been given either by Tambs and certainly not at that point about who would build this airstrip, okay? It was in the idea stage.

How it evolved, that the airstrip could be built other than a U.S. government entity, it seems to me that that came from -- that Tambs said, why don't we raise it with Colonel North, with Ollie. Now, I am not sure of that, okay? And I'm not sure that it was even discussed at that time. It just seemed like a good idea to think about.

MR. LIMAN: You're not sure about what -- that he suggested that it be raised with North?

THE WITNESS: In answer to Mr. Barbadoro's question, there is, or I infer that he's trying to, or what's he getting at is how, what was the thinking behind this at that point. I don't think that there was. I recall what happened subsequently, but at that point it was gee, it would be great if we got their approval, as though that was the first thing to do.

But there wasn't really anything after that as to, well let's [redacted] it was sort of to get them on board, and then we'll figure out it will be done.

BY MR. BARBADORO: (Resuming)

Q In August it was a concept; you didn't have the details down.

A That's right.

Q But the concept was to have an airfield for, and resupply depot for the Contras, wasn't it?

A And [redacted]

[redacted]

Q Who was going to do the resupply? That's my question.

A CIA.

Q Wasn't the Boland Amendment in effect?

A Oh, yes, yes. But please keep in mind that throughout this period there was always the optimistic view that within the foreseeable future forces, political forces, would be marshalled in Washington to overturn the Boland Amendment. Now maybe it was three months down the road or six months down the road. I don't think any of us could have survived in that job without feeling that way, okay?

Q So it was your hope that once you got approval for this that it could be constructed somehow or that when the CIA got back into business soon it would be used for resupply?

A That's right. [redacted]

[redacted]

I added, I said I wanted no Nicaraguan to ever know about the existence of this base [redacted] [redacted] the air base.

MR. LIMAN: By Nicaraguan, you included Contras?

THE WITNESS: That's who I was talking about, okay?

MR. LIMAN: Okay.

THE WITNESS: Contras. Because I mean there is no such thing as a secret among the Contras. And in my mind if this was to be a viable CIA air operation, the minute we told the Contras that such a place existed, there wouldn't be an air operation. There wouldn't be anything secret about this place.

[redacted] I was clearly thinking ahead to the point where we, CIA, would be able to have a secret place that was not known to the Contra elements.

BY MR. BARBADORO: (Resuming)

Q I understand. Now tell me, when did you first get an idea as to how this airfield was actually going to be built?

A Sometime after this -- a week, two weeks, I don't recall -- the Ambassador called me into his office and he said there is somebody here I want you to meet. So I went in and there was a young man sitting in front of his desk and he introduced him to me as Rob Owen.

I had heard about Rob Owen. We had numerous reports about Rob Owen's activities in Costa Rica with his contacts with the various Contra elements. However, we had no contact with him nor were we really interested in contact with him because he was an American citizen.

Q Did you know that he was associated with North at this time?

A I did not know that he was associated with North. I assumed that it was the Ambassador who told me that he is associated with North. That was the first definitive information I had that there was a definite relationship between North and Owen.

Q Tell me what happened at that meeting.

A Now, to this day I still don't know, although I have officially first-hand knowledge of who Rob Owen was working for. I have read in the newspaper that he was working for a firm here in Washington. But I didn't know it then. And until he eventually went to work for the State Department's Nicaraguan Humanitarian Assistance Office, I didn't know.

Q Tell me about that meeting.

A At that meeting, to the best of my recollection, the Ambassador raised the issue of building the airstrip with Rob Owen with words to the effect of why don't you take a trip up there and have a look at it.

Q Had a site already been chosen?

A [redacted] chose the site in five minutes. The only site that [redacted] would be adequate in all of Costa Rica for this because of its isolation.

[redacted]

[redacted]

Getting back to the meeting, Rob Owen agreed to go up and take a look at this site. [redacted]

Q This was before the land had been purchased from Hamilton?

A Oh, yes. This was just to look at [redacted] [redacted] just to take a look at the place.

Q And Tambs asked you to go with Owen to look at the site?

A I can't say that he asked me. I can't say how it developed. But we agreed that I would accompany Owen up there [redacted]

Q I understand. What happened next?

A So we went up, flew up there in the [redacted] [redacted] helicopter.

Q Who was with you?

A [redacted] So there was [redacted] Rob Owen, myself, and the pilot. And we flew up to the site, and Rob walked it and took photographs of it with a 35 millimeter camera. And then we flew around the area and then we returned [redacted] I later learned he took those films and delivered them to Colonel North.

Q Did you have any discussion with Owen about how the strip was going to be built?

A I don't remember. Well, yes, I guess we must have. But there was only one way to build it because the thing had hills or a mountain on each side and was sort of an elongated canyon. And there was only one -- now somebody had said that former General Somoza of Nicaragua had a farm near there and that he used to land a plane there whenever he came to spend his weekends. I am not sure if that's true.

But the land was generally level. There was a stream bed running through it. There were some trees that would have had to have been knocked down. But it was totally isolated.

MR. LIMAN: How did you learn that Owen took the films and delivered them to North?

THE WITNESS: Colonel North told me after he received them and saw them. And that's where the --

BY MR. BARBADORO: (Resuming)

Q Did Owen tell you who was going to build the strip?

A No, sir. That's really the end of Owen's participation. Now let me just complete the contact with Owen so that we don't misunderstand. Owen didn't have anything to do with that activity after that. Owen amazingly, in my view, had contact with a very wide circle of people in the resistance movement. And what's amazing about it is that he doesn't speak Spanish. But he is a very engaging, highly intelligent individual. And he wins people over. He knows how to ask questions.

And so, when the Ambassador introduced him to me, I asked him about his interest in these people and he said, well, he just keeps in touch with him, that he had been a long-time friend of John Hull, and through John Hull he had met a lot of these individuals [redacted]

Subsequently he volunteered a lot of information to us, operational information, especially about the little conflicts among some of the groups that we really didn't have a good handle on. We found his information to be accurate in most cases. We found that his, and we did not task him because we couldn't; as an American citizen, he was merely volunteering this stuff to us and we couldn't use him for intelligence collection. But it was clear that his interests were essentially our interests.

And at one point I recall C [redacted] saying that he sure would like to recruit this guy as an Agency officer because he was an extremely perceptive individual and he had good instincts for the business. Contact existed through, I guess -- well certainly he then joined the Nicaraguan Humanitarian Affairs Office in the State Department.

That's when, when he did that, then we did have a much more operational relationship. We were able then to ask him a lot of questions about things that before we could only get from him on a voluntary basis. After the Nicaraguan humanitarian affairs thing, I don't think we had any contact with him at all.

Q Let's go back to the visit at the site of the airstrip. Did you tell anybody in headquarters that you had gone to look at the site of the airstrip?

A No. If I did, it would be in cable traffic, and I don't recall writing a cable about it. [redacted] So I don't know. I don't know if I did a follow-up or not.

Q Did you tell North that you had been out to look at the airstrip?

A Oh, he knew it because Owen had returned from Costa Rica and gave him the film.

Q When did you meet this fellow who identified himself as Olmstead?

A Sometime after North told me he had received the films of the strip. But I'm not sure of the sequence of things. North told me that he was sending somebody down to look into the possibility of building the airstrip, which, of course, was kind of precipitous, in my view, given the fact that we still didn't have, that we hadn't resolved the Boland Amendment problem yet.

Q Let me stop here and go back to something.

A At that point he sent Olmstead down.

Q When did this conversation with North take place when he told you about the films?

A Shortly after Owen returned and it was by phone.

Q Did he initiate the call or did you?

A Oh, I wouldn't know, because we were on the phone frequently, on the secure line. Either he had a question to clarify or I had something that I wanted to bring to his attention. And, as I said, there were periods were we would go weeks without talking to each other and then some matter would come up which was of some import and I'd get on the phone and I'd say, you know, be sure you are aware that this is going on or that is going on.

And maybe as a part of one of those conversations either way, he could have said, he did say, oh, look, a got the film.

Q Tell me as best as you can remember what he said about the films.

A That he had the films and the place looked like it might well be suitable for an airstrip. That he was going to send this fellow down to take a look at it. That's what I remember.

Q And what did you understand he was going to do about this airstrip?

A Well at that point, nothing. I mean, it wasn't even -- it was only a conceptual thing.

MR. LIMAN: Do he say he was sending someone down to make some plans for building it?

THE WITNESS: Well, that was really --

MR. LIMAN: Later?

THE WITNESS: Yes, that was later.

MR. LIMAN: He didn't talk to you about funds in the phone call for building it?

THE WITNESS: He never talked to me about funds.

MR. LIMAN: Never said --

THE WITNESS: Never said.

MR. LIMAN: Never said I will get the --

THE WITNESS: Never said a word to me about funds at any time. And that's --

MR. LIMAN: Did he ever make a point of saying to you that I'm never going to talk about funds with you?

THE WITNESS: No, sir.

MR. LIMAN: Did you ever ask him where he was getting his funds?

THE WITNESS: No, sir.

MR. LIMAN: He never told you don't ask me?

THE WITNESS: No, no. Let me, let's get to that for a moment. It was a matter of assumptions on my part, perceptions -- okay? He talked about people without identifying them -- that there were people who were supportive -- and he used euphemisms -- supporters, the private supporters, things like that.

MR. LIMAN: Patriotic Americans?

THE WITNESS: Patriotic Americans. Good Americans.

MR. LIMAN: Okay.

THE WITNESS: But in terms of cost, what would it cost, that funds would come from A, B, or C, no, that in terms of that, okay. I did later learn in very, in sort of a very nebulous way, that when they eventually -- "they", the private, the good Americans -- made the deal with Hamilton, that the arrangement -- and I'm not really clear on this -- that the arrangement was purchase for $50,000 for the property, with a second $50,000 in the second year.

However, if they didn't come up with this $50,000 in the second year, then some sort of a lease/note thing would come about and that the owner would repossess the property.

MR. LIMAN: The owner was Hamilton, because we have another Hamilton who's the Chair on the House Committee. This is a different Hamilton.

THE WITNESS: Yes. For the record.

MR. BARBADORO: Do you want to take a lunch break and come back in half an hour, 45 minutes?

(Whereupon, at 12:45 p.m., the taking of the instant deposition recessed, to reconvene at 1:30 p.m. the same day.)

AFTERNOON SESSION

(1:33 p.m.)

Whereupon, w

[redacted]

the witness herein, having been previously duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. BARBADORO:

w

Q [redacted] before we broke for lunch, I had asked you about when you first heard that this Olmstead fellow would be coming down to Costa Rica. Can you tell me when you first learned of that?

A Sometime after Owen had returned with the photographs and Colonel North mentioned that he was sending someone down to look into the possibility of this, constructing an airstrip at this site.

Q Can you give me a month as to when you went out to look at the airstrip with Owen?

[redacted]

A Rough guess, September.

Q Okay. How about a guess or estimate as to when it was that Olmstead came down?

A Same month.

Q Did North mention a name of a person to you when he said someone would be coming down?

A Yes, he said he would be coming down, mentioned the name of the person, and then he said that he would -- I don't recall if North told me what name he would be using or if it was Olmstead himself who told me that he was using the name Olmstead, okay.

Q Did North give you the guy's real name?

A Yes.

Q What was his name?

A To the best of my recollection it was Haskell or Hastings or the H-A-S or H-A-Z sound was -- I think it was Haskell.

Q You think it was Haskell?

A I think it was Haskell.

Q How long after this phone call --

A Do you know his name? I mean, just out of curiosity.

Q I believe it's Haskell. I do know his name and I think you're right, it is Haskell. What else did he tell you about this person?

A That he would be the responsible person for looking into dealing with the owner of the property. We're getting ahead of ourselves, though.

At some point after Owen took the film back, but before Olmstead came down, North asked -- I think

North asked the Ambassador, because they had contact too, or he may have asked me; I know I talked to the Ambassador about it, but how it got to that point I don't remember -- who the owner of the property was. [redacted] told me, that the owner of this property was an American.

Well, because of CIA restrictions about dealing with Americans or any contact with Americans, unless it's, because of the matter of an intelligence relationship, we, I don't know if you're aware of this, we have to inform an American when we talk to them who we are. So I wanted to avoid that.

[redacted] told us that it was an American, and it was a fellow by the name of Hamilton, not to be confused with the Chairman, and that North asked, as I say he either asked me or he asked the Ambassador, but the Ambassador and I talked about it, could we find out, or could it be determined if he was, if Hamilton was someone who would cooperate with, who would be cooperative. I don't think -- there's no with -- who would be cooperative in terms of making this property available.

[redacted] volunteered that he thought that the fellow would be cooperative [redacted]

[redacted] that the fellow was a right-thinking individual.

In any case, I don't know where the Ambassador found out or how the Ambassador found out -- could again have been [redacted] -- that this fellow was from North Carolina. He was in the textile industry in North Carolina and he had a some sort of textile business in San Jose. So the Ambassador called up Senator Helms' office, in my presence, and he spoke to Senator Helms' Administrative Assistant, I believe.

And he asked him or her to find out what they could determine about this individual's political attitudes -- Tambs to Helms office, either that day or the next day or the day after, at some point in there. He received a call back from Helms's office.

Q In that first call did the Ambassador say why he wanted to know this?

A He said that this is an American businessman here in Costa Rica, and that he just wanted to know something about him. So, as I said, the subsequent call back, the answer was, he's all right, we guess, because he made contributions to both campaigns. And I just happen to remember that as being kind of an unusual comment by Senator Helms's office.

In any case, there was no derogatory information about the individual, that he was strictly a businessman. And then Olmstead came to town. It gets very fuzzy in here, okay. So please bear with me.

Q Did Olmstead meet with you when he came to town?

A Oh yes, when he came to town, yes. And I learned that, I forget whether he -- he had some problem with his passport, or he didn't have a passport, because you can go to Costa Rica on a tourist card just showing your driver's license or some other form of identification.

And he didn't want to use his tourist card at a hotel where he would have to show some identification and he didn't want to use a credit card, if he even had one. So he asked me how he could take care of that, and I said well, just simply go into any of the smaller hotels and tell them that you were fishing up country and something, and you lost your passport and your wallet, but you have some cash, and the passport is being replaced, and they'll check you in.

And that's what he did. As I understand, he did it on subsequent visits as well. So, I'm not sure if he actually had a passport in the name of Olmstead or if -- what the circumstances were in that regard.

Summing it up, he met with Hamilton. He negotiated a contract with Hamilton, which as I recall was, and I met with him several times after that, to receive from him a report on how it was going [redacted] But I didn't participate with him in this thing, what seemed to be a protracted negotiation -- through October, November of 1985.

Q Did he stay down there or did he make several trips?

A No, no. He would be down there for one, two days, and then he would go back, and then he'd come back, and so forth.

Q Did he tell whether he was going to buy the property or lease it?

A He did say it, but I don't remember it. It was one or the other, or a form of buy with or lease with option to buy or buy with sort of a balloon note at the end. In any case, there was a point at which, as I understand from the Ambassador, from what the Ambassador told me, that Hamilton did not want to get involved with this group of businessmen that Olmstead represented.

Q Did Olmstead tell you what his story was to Hamilton about what the property would be used for?

A Just as a group of businessmen who are interested in putting up a tourist resort. It's my impression that at some point, Olmstead probably gave a lot of winking to the guy who realized who, you know, probably asked who would be putting up a tourist resort in this place where there was no road for 20 miles.

I'm trying to keep the sequence of this, the reason being that at some point the Ambassador contacted Hamilton and told Hamilton that the place was to be used for an activity in support of the Nicaraguan resistance and that he, Hamilton, would be doing his country a service.

Hamilton, as I recall the Ambassador telling me, asked about the reliability or the trustworthiness of these individuals that Olmstead represented. And the Ambassador assured him that, gave him personal assurance, that they were of the utmost trustworthiness.

Q Did Olmstead tell you who he was working for?

A No.

Q Did he tell you where the money was coming from to pay Hamilton?

A No. As I said, the only time a figure was raised was that figure of $50,000, and I could be mistaken on that. And I don't know how the $50,000 worked as a mortgage payment.

Q Did you have at that time any idea where the $50,000 was coming from?

A No, sir. In fact, I didn't hear that figure until much later. I don't think I heard that figure until much later. It's my impression that the figure of the $50,000 came up at some time later on, not during the Olmstead discussions. Olmstead said that Hamilton was, as part of the agreement for this year or two-year, a year renewable, two for two years, agreement, that he wanted a road put in from the highway to this property which was adjacent to the coast through some of the most rugged terrain in northern Costa Rica.

And to me that would have cost an enormous amount of money to do it. I think that originally, until they realized that how impossible this was, because these were steep canyons as so forth, that probably out of good faith, Olmstead said, had told he said that he had agreed to putting in this road.

The other thing that Hamilton insisted on was sinking a well at the site and finally, that the property not be ecologically disturbed. This was important, and in fact I supported that strongly when I heard it. [redacted]

Not only that, along the strip of the cove just where the airstrip was to be built, about a quarter of a mile from where the airstrip was to be built, is a place where turtles come in and lay eggs, and it has been a constant problem of poachers in the area coming and taking the turtle eggs.

And so that was basically all that Hamilton insisted on -- the road, the sinking of the well, and the ecological portion of it -- all of which Hamilton told me at one time or another. But the road --

MR. LIMAN: You mean Olmstead told you that.

THE WITNESS: Who did I say?

MR. LIMAN: Hamilton.

THE WITNESS: No, Hamilton. Olmstead told me he had with Hamilton, the discussions he had with Hamilton. And what else?

BY MR. BARBADORO: (Resuming)

Q Did this Olmstead/Haskell tell you anything about what his relationship was to North?

A That they were good friends. North told me that they were, that he was very, very close to this man. He subsequently told me a few months later that Olmstead was a Marine Corps officer who -- again, I might not have it correct -- but that Olmstead had lost his eye and was severely wounded in the face, and that North brought him out from behind enemy lines in southeast Asia.

And that the bond between them was very, very close. I understood that he was an accountant, or had an accounting business. And the other thing that North said was that he was doing all of this, going down to Costa Rica and so forth, at his own expense. At some point, after I think they had, and I'm not sure of this, but after they had either made the agreement with Hamilton or just before, Olmstead came down with a soils specialist, an engineer, Rafael Quintero.

There were four of them. Four or five people. [redacted] I arranged, at their request, for these people to go up to do a survey of the area where the landing strip was to go in. I did not go with them to the site. I went with them -- I went to a place near by because I was worried about, you know, their helicopter crash or whatever these people. But I did not go to the strip with them so I don't know what they did there.

I subsequently heard them discussing what they found, and from what I could tell of their findings, they said that the soil was not suitable, that the place was not long enough for the purpose intended, that construction in that area because of its isolation would be very difficult. It was a very negative report.

Q The purpose intended was to build the airstrip?

A Oh, yes, yes. That was, as I said, it was either at the end of the negotiations or just after the negotiations had been completed. And this would have been November 1985. I frankly left that -- when I left that meeting, I said, this thing is not going to go anywhere. There's too many negatives, too impossible to do.

The next that happened was that, and I don't, I've never seen Olmstead since then. The next that happened is that Quintero came down and Quintero contracted [redacted] to start bringing in a grader and a bulldozer to the site, and it had to be brought in over this 20-some miles of canyons and mountains. And after that Quintero just routinely told me how things were going, and none of it went well.

Q When did you learn that the negotiations for the purchase of the property were successful?

A November or so.

Q Did you report that to anybody?

A No. You mean to my headquarters?

Q Right.

A No.

Q You mentioned that Rafael Quintero came down either shortly after or shortly before the negotiations were completed?

A We're getting ahead of ourselves. You just reminded me of something. And we have to check the chronology here. I don't know when Assistant Secretary Abrams took over from Tony Motley as Assistant Secretary for Latin America. The reason I'm bringing this up is because --

MR. LIMAN: Spring of 1985.

THE WITNESS: That doesn't fit.

MR. BARBADORO: It was August of 1985.

MR. LIMAN: That's right.

THE WITNESS: That's right, it didn't fit. He came down.

MR. LIMAN: He came down [redacted]

THE WITNESS: No, it wasn't Well, he came, this was sort of an orientation trip.

BY MR. BARBADORO: (Resuming)

Q It was in December of 1985 or November of 1985.

A All right. Well, it was in this period here, okay.

Q The period while the negotiations were going on for the purchase of the land?

A The reason your question triggered this, is that, did you report this. The reason it triggered it is because when Abrams came down there, he asked or we arranged as a matter of protocol, a briefing for Abrams. [redacted]

And then Abrams sat back and said, well now, tell me about Point West. Obviously at this point, I had assumed, I guess naively, that this was essentially a matter of the Ambassador [redacted] with me kind of sitting as a spectator listening and telling the Ambassador and so forth. Essentially, I suppose, I realized anyway, that this was at least unorthodox, my involvement with it.

But once I heard that, I was really shocked, taken aback, first of all that he would come out and so blatantly say, tell me all about Point West. Not only that, he was saying it in front of two officers that had no need to know, that he didn't even ask if they knew and should they know. But obviously the outcome of all of it was, that this was something that everybody in Washington knew about, and here I was, [redacted] thinking I had a real secret.

Q What did you tell Abrams?

A Oh, I told Abrams. I said, sir, up until now I thought that in Costa Rica there were only four or five people that knew about this place. Now, because of your question, these two officers, who had no need to know, now know. Oh, he said, I apologize. I'm sorry. I didn't realize it. And I said, now tell me something, Mr. Secretary, who up there knows? Oh, [redacted] and Colonel North -- Ollie, and [redacted] or I asked him if [redacted] knew. And he said, oh, yes, of course; this was the RIG.

So I said, well, okay. On the one hand I was upset because these two officers who were really, you know, they weren't privy to this thing, and yet, it was a relief on my part because my superiors knew.

Q Other than [redacted]

[redacted] you hadn't told headquarters anything about Point West, had you?

A As I said, I don't know if I did a follow-up to that [redacted] My recollection is that I probably didn't, I don't think I did, but I may have.

MR. LIMAN: Do you recall when Admiral Poindexter came down to Central America right after he was named National Security Adviser in December of 1985?

THE WITNESS: Yes.

MR. LIMAN: Did you meet with him?

THE WITNESS: As part of the country team?

MR. LIMAN: Yes.

THE WITNESS: Yes.

MR. LIMAN: You did meet with him.

THE WITNESS: Yes.

MR. LIMAN: And Oliver North was with him?

THE WITNESS: And Oliver North was with him.

MR. LIMAN: Did you discuss Point West with him?

THE WITNESS: No, sir. That was a meeting with the country team, which consisted of the AID Director, the Chief of the Economic Section, Chief of Political Section, the Deputy Chief of Mission, the Defense Attache, et cetera, et cetera.

MR. LIMAN: It was just too public of a meeting for you to discuss it?

THE WITNESS: Right. At that meeting, after that meeting, at the end of it which took place outside of the Embassy -- they were only in town for an hour, so we didn't even have time to get all the way into the city from the airport. At the end of that meeting [redacted] [redacted] came and Admiral Poindexter invited him to the White House for a photo opportunity.

And that had been already lined up in that the offer would made, lined up in cable traffic, and so C [redacted] who was present there too [redacted] [redacted] visit with a special addition of the visit to the Oval Office.

MR. LIMAN: Was this to show appreciation for his assistance on Point West?

THE WITNESS: No. [redacted]

BY MR. BARBADORO: (Resuming)

Q Did you discuss Point West with [redacted] C when he was down there with Poindexter for that trip in

December?

A There wasn't enough time on that trip to even discuss the really important things.

Q He was there only for a few hours.

A Please, if I may give you an appreciation about everything we are discussing here, Tom asked me, Tom Wilson asked me some time back how much did all this represent in terms of -- I'm talking about the air drops, I'm talking about the air strip -- what did this represent in the totality of your work. About one percent of my time.

So when you're asking questions, asking me to recall dates, there has to be something associated with it because, believe me, if I had 15 minutes with [redacted] C I wouldn't even have bothered asking about Point West, because it really didn't mean anything to me in terms of the much more important issues and problems that we had with the overall [redacted]ll of the other problems and operations that we had going at the time.

Q When do you first recall discussing Point West with [redacted] C

A I think it was at headquarters, and I can't possibly remember the date. It could have been late '85; it could have been early '86. I don't know how it came out, but c [redacted] mentioned Point West and I said yeah, you know, it's under construction or whatever it was. c

Q Who brought up Point West, you or [redacted]

A I don't recall.

Q Did c [redacted] appear to know about it?

A Oh, yes. Oh, definitely.

Let me bring up another name because it adds to the totality of impression in my mind as to the level of knowledge about Point West. As you mentioned earlier, North and his family came to spend a few days with me and my family on a completely personal trip. At the end -- forgive me if I interject some humor here -- North and I had gone to [redacted] have him brief my staff on the overall Washington view of the Nicaraguan situation.

We left from there and we went out to the airport, where we were supposed to meet our wives and the children, and my wife had taken his wife downtown for shopping at the artsy-craftsy things. And the schedule was that they were to leave at 1:30 on General Galvin's aircraft. It's a MATS flight where there is space available. And General Galvin was flying [redacted] to Atlanta, and the Norths were going to board [redacted] and get off, of course, at Atlanta, which he was entitled to.

So the arrangement was to meet at the airport, and, sure enough, we got there and the General was waiting and they were loading the luggage and my wife doesn't show up for 30 minutes, for 40 minutes, 60 minutes. The engines are turning. And we are, the Ambassador, General Galvin, Colonel North and myself are sitting in the executive section of the airplane and, of course, I am extremely nervous, upset. My wife is holding up a four-star general, et cetera.

But during that conversation, during the time we were together, Colonel North gave General Galvin and updated briefing on Point West and the Ambassador chiming in and so forth. I was an observer. I wasn't asked for any opinion, and North just simply told him what the status of it was.

MR. LIMAN: So it was a widely-held, closely-guarded secret?

(Laughter.)

THE WITNESS: Yes. And the end of the story is finally that my wife showed up and we put them on the plane, but they forgot their passports. So when they arrived in Atlanta immigration gave them a hard time.

MR. LIMAN: That wouldn't stop Oliver North.

(Laughter.)

THE WITNESS: No, it did not.

MR. LIMAN: Probably some immigration officers have been fired.

(Laughter.)

THE WITNESS: That was what Tom wanted to remind me, that there was this impression on my part that this was an accepted undertaking, an acknowledged undertaking.

BY MR. BARBADORO: (Resuming)

Q When did you meet Rafael Quintero?

A When that engineer and that soil specialist came down to do the survey on the field.

Q Did North give you any advance warning he would be coming down?

A Yes.

Q Did he explain who he was, what his relationship was to this operation?

A He said I will put my hand in the fire for this fellow. That's what he said.

MR. LIMAN: Really? Literally he said that?

THE WITNESS: Literally.

MR. LIMAN: Had you heard of Quintero before?

THE WITNESS: No. Later, of course, I was reading Peter Maas' book "Manhunt," which I'd just pick up for, you know, entertainment during ablutions, right, and I saw the name and I almost choked, until I read it. You know, he acted in a responsible way, given the circumstances he was in.

But I really did depend on the hand in the fire recommendation.

BY MR. BARBADORO: (Resuming)

Q What was Quintero's role in the construction of the air strip?

A He was the project manager. He was the guy that, you know, got [redacted] to get the bulldozer and paid the whatever it was. He never told me about specifically how much it was costing, except he constantly lamented of the fact that he thought the Costa Rican was ripping them off, which, you know, is the cost of doing business there.

Q Did he mention the name of the company that he was working for?

A No.

Q Did you ever hear Udall mentioned?

A After the photo opportunity at the White House, that afternoon was the first afternoon I heard that name.

Q Okay. Is that the meeting with Secord?

A That's correct.

Q Okay. We'll get to that in a minute. How frequently was Quintero down there when the construction project was going on?

A He made -- oh, I don't know -- more than five, probably less than ten, trips.

Q Did he meet with you while he was down there?

A He'd check in with me. Sometimes he came in and we'd talk on the phone. Sometimes we'd get together for breakfast either on the way in or on the way out.

Q Did he update you on the progress of the airstrip?

A (Nods in the affirmative.) Well, more or less. Frankly, you know, update means that I am interested and I ask appropriate questions. Frankly, I didn't have that much interest in knowing what they were up to. You know, I didn't really care. It's a strange thing.

Q This was to be the airstrip to resupply the southern front troops. Weren't you concerned about it?

A I never believed that the thing would ever get off the ground. Okay? I never believed it, frankly.

Q Why not?

A Why not? Because it was a damn near impossible situation. The isolation of the place. How are you going to keep people there? How do you transport pilots and mechanics? Where do you get the fuel from? You couldn't get a 55-gallon drum of fuel into Costa Rica because it's a controlled material. It would have to be floated up on a barge from one of the Pacific coast ports.

They were going to fly in and they eventually did fly in some gasoline up there. To me, for a clean operation, unless it was a CIA air operation project where you have the expertise and it's not a Mickey Mouse, half-baked, maybe it's done this way or maybe it gets done that way, but where you go in with a plan and, you know, you put down a strip and it's going to work because you've got the kind of people that will make it work.

What did we have here? We had [redacted] who was acting probably only himself --

Q [redacted]

A Yes [redacted]

When Quintero came down he was telling me all about the problems he was having [redacted] I frankly could care less. Okay? I say all that and probably the record will look like that maybe I had more interest or maybe others might say I had more interest. Well, even if you ask Quintero he'd say oh, yeah. But let me tell you I was roleplaying, borne out by the fact that they never did get the airstrip finished.

The thing was leveled and graded, or it was just leveled but never fully graded. And when the rainy season came and it started to come apart, the work they had done, it was a poorly constructed thing because that stream bed, it eroded part of the airstrip. They never got what they -- the kind of administrative setup that could have made the thing work.

And then, finally, when President Arias was elected and then inaugurated and he said no to the use of the strip, it became a nonissue.

Q Didn't you go out to visit the strip after construction had begun on it?

A No.

Q So you had been at that strip one time?

A On the ground one time. I flew over it a couple of times [redacted] but only on the ground once.

Q By the point at which Quintero started coming down there regularly and started working on the construction of the airstrip you must have known that this was not going to be a CIA airstrip, didn't you?

A I still had hopes, but I knew that if it was ever to be a CIA airstrip CIA would have to come in and either finish the job or correct what had been done.

Q What did you understand these people to be doing out there?

A Leveling, clearing a 6,000-foot runway, 120-foot wide.

Q For what purpose?

A For the eventual use by CIA-contracted FDN aircraft. Did I know? Yes. And/or private benefactor aircraft.

Q So by December of '85 you had an idea that there was a possibility there might be a private benefactor use of this airstrip?

A No, not by December. Maybe a little later. Maybe by January, but not December. That thing really hadn't gotten to the stage yet. I don't even think they got the bulldozer in by December. They might have.

Now let me explain something else to you to give you an example of my concerns. Quintero one day -- oh, excuse me. The DEA office in the Embassy called me and said, look, we've got a call from the airport authorities that they are holding a fellow out at the airport that fits their drug stereotype profile and that he was taken into a room and questioned and searched and no drugs were found.

But they started to go through his briefcase and this was sometime, I guess, in April. Yes, it would have been April, April or so. They started going through his briefcase and he stopped them and he said, please call this telephone number, and it was my number [redacted] And the airport authorities, instead of calling that number, called the DEA office and said, look, would you check this out, and they called me.

And so they gave me the name and I said yeah, I know this fellow and that, as far as I know, he's okay. So I met with him after that and said why did they stop you, and he said well, because I was carrying $5,000 in cash for the use of paying bills and materials and so forth. And I said, well, that's no problem. You know, people can carry. What story did you give them? He said, I was a cattle buyer.

Okay. And he said, but when they started going through the briefcase I didn't want them to see what I had, and I said well, what was that. And with that he hands me envelopes, brown manila envelopes, the White House, with photographs of the photo opportunity with [redacted] and the President and myself and my wife with the President.

And he said I felt that if the airport

authorities see that, you know, that that would raise a whole lot of other questions. I said, all right.

Now you can see that these people are not at all professional.

Q Who was this?

A Quintero.

Q Quintero, and that had to be after March, right?

A Oh, yeah. March was when the thing took place. That's why I said it was probably April.

So one of the things he asked for was, he says, can you help me get through the airport when I come back because I don't want these people -- oh, they apparently took his briefcase. They apparently took the money into another room and they counted the money or -- no, they took the money into the room and when they returned it to him, I asked him, I said, did you count that money?

He said, well, I gave it a quick look and, he says, I think they took a couple of hundred dollars from the money. And I said, well, I think you probably did well with that.

(Laughter.)

And the other thing he requested was some kind of identification or ID,a good guy letter -- that's my term -- so that he could get through the airport without being has hassled again if it's another crew on duty, of airport authorities on duty.

[redacted] This fellow is of good reputation, blah, blah, blah, blah, blah, et cetera, of good reputation, et cetera, and I gave him this letter.

He also asked for an ID [redacted] I decided that the letter was sufficient and I destroyed the ID. I never gave it to him.

One other matter is that he had in his briefcase a little cassette for the KL-43 that I had, the Secret/NOFORN, which North had also given him.

Q Tell me about North's visit in February. He brought his family with him?

A Yeah. I invited him down here, so, you know, our families could get together. I knew or I sensed that he was under a great deal of stress, as I was, and together with our wives and the children we decided to take three or four days off, and he was able to catch military flights at that time. So it worked out well.

And we also had an agreement with our wives that there would be no business discussed during that period, and there wasn't.

Q Did you go to the beach?

A Yep. We went to the beach and the only thing we talked about was the families, our hopes, dreams, his experiences in southeast Asia, mine with the Agency.

Q You didn't discuss what that air field was going to be used for?

A No. Really we didn't discuss it at all. Yeah, the air field is being constructed, but that's all. At some point -- and I don't think it was then -- he said he wanted the Agency to pick up the tab on the air field, but I can't say if it was then or not.

Q Wasn't that much later in maybe the summer of '86?

A I don't know. I remember that he made that comment about them picking up the tab on the air field.

Q Did he express any interest in going to see the air field when he was down there in February?

A No, and I wouldn't have let him either.

Q Why not?

A Because I don't think -- you know, having Oliver North, who was well known to the Sandinistas, running around northern Costa Rica. No. The fact that we were together. He was with us within the context of a family activity to the beach, back [redacted] and home was enough. I don't even think he ever expressed an interest in going up there.

Q At that point had there been any discussions up to that point, at any time, with North about private benefactors?

A I think you need to say more. In what sense?

Q Had there been any discussions about how these contras in southern Nicaragua were going to be supplied by February of '86?

A I don't remember any specifically. He never talked about who the benefactors were or what kind of money we're talking about. I mean, he really didn't, and I'm grateful for it. Tell me about his business, okay? And I think he probably knew I didn't want to know.

Q Did you tell him in January of '86 that the agreement had been reached with the southern front commanders of UNO?

A Oh, that was a matter of regular intel reporting and he would have received all of the intel, intelligence, disseminated intelligence reports from all of the activity.

Q Did you have any discussions with him about that?

A Oh, sure, about all of the political things, you know, but during that beach trip, no. We really religiously tried to avoid shop talk. The wives insisted on it.

Q Okay. Let's move away from the beach trip. In January of '86 this agreement was signed and these commanders went back into Nicaragua. At this point you knew an airstrip was under construction and that someone was putting up money for the construction of this air strip.

Did you have any thought that the same people who were putting up the money for the airstrip might be willing to put some money to supply the southern front forces?

A Thoughts like that didn't occur to me. Let me try to explain it this way. At some point somebody asked me, either the IG or the Tower Commission -- I guess it was the Tower Commission -- did North ever tell you about Project Democracy, and I said he used that term. What did it mean to you? And I said I understood it to be that kind of generic term like patriotic Americans that he used when he was referring to support for the Nicaraguan resistance, that these were good Americans who were willing to put up money in various quantities for the support that these people needed to attain their objectives.

To me, then, when you're talking about the air strip or that they were obtaining lethal supplies, to me it all came out of the same pot. I didn't differentiate it. I didn't know Udall, and I didn't know what other entities there were. You know, I'm reading the newspapers now. I've got a fairly good idea. None of that was ever said to me by Oliver North, that there was this or there was that or that money for this was going for that.

He would refer occasionally to Project Democracy. I thought it was sort of like the term he would use for the all-American effort. I mean, he could have used any term like that and that's the way I interpreted it. I didn't know that it meant a specific thing. Okay?

So I can understand where you're coming from with your question. The problem I have -- and it almost sounds a little naive -- well, didn't you know that thing? Well, no. I understood that these were people who on the one hand they would put up money to build this air strip; on the other, they might be giving an airplane or something to the FDN.

Okay?

Q As a United States Government representative [redacted] did you feel a responsibility for the southern front troops that were sent into southern Nicarasgua?

A Of course.

Q Were you concerned about how they were going to be supplied?

A I was concerned that they be supplied. I didn't care who supplied them. These people were being decimated and their existence not necessarily for our purposes, which was U.S. policy objectives, but for their own survival as human beings, required that they at least have something to defend themselves with, that they have the wherewithal to withstand the attacks of the people inside, the attacks of the Sandinistas.

Let me tell you there is another aspect to this which I don't think I have seen properly addressed either in the press or dealing with the whole problem of the southern front during this cutoff period. We found a direct correlation between the activities of abuses -- and I am talking about very serious abuses -- by the Sandinistas against the civilian populace when there was a ~~[illegible]~~ diminishment of activity on the part of the resistance forces inside, as though the Sandinistas would then feel confident that they could go out, you know, take names, and --

Q I understand what you are saying.

A Now, so there was not only a concern for the people who were under arms; there was also a concern for the civilian population in the southern part of Nicaragua. The north might have been a different story, but in the southern part of Nicaragua there was this concern that when the resistance didn't have the arms that the civilian population suffered inordinate abuses.

So there was obviously a moral imperative at work here on my part that when or, rather, after I had persuaded these people for political reasons to return back to southern Nicaragua to carry the fight inside, while it may have served my own reasons to get them out [redacted] and the neutral territory, that they had done so on the basis of my persuasion that the funds would be coming forth from Congress.

There was also the moral imperative that once I sent them back in that the people inside, the civilian population, might be affected as well. Okay? Now, faced with that, when Oliver North said in early '86 that he was prepared to send a full flight load in of lethal material I said, well and that he asked me to handle the coordination in terms of getting the drop zones and the information from the commanders.

I said I will do that. I will take that responsibility. Mr. Barbadoro, I didn't ask Director Casey. I didn't ask Clair George. I didn't ask [redacted] C [redacted] I didn't ask anybody. I made that decision on my own to accept his offer.

Now once I did that, because I realized that this Larry, Moe and Curley operation, from having seen the way they handled the air strip, I did send a cable to headquarters and I said the resistance forces are expecting to receive from private benefactors a load of arms, an air load of arms, and I asked for flight information, flight path information, risk of hostile forces, radar coverage -- the whole nine yards -- and headquarters sent it to me not once but several times.

And nobody at headquarters came to me and said tell me about how this is all working out, how are the southern resistance commanders inside? They didn't ask any logical clearly understandable questions like how are the commanders inside getting the information about the drop zones and the timing of the flight to the delivery people, who by then I understood were at [redacted]

Nobody asked, and when they sent down this lengthy -- I mean pages -- [redacted] nobody asked for that flight how are the commanders in the field getting that information to the benefactors.

I volunteered that at a later date and we'll get into that as we go along.

Q When did he first offer this lethal resupply?

A Hold my feet to the fire, but it was January, January or February -- and it didn't happen until April because their planes couldn't make it, aborts. You know, for the flight there must have been six aborts. I didn't keep track or count, but it was a horrendous record.

I mean, it was send the information about where the drop zone is and start a novena. That's the way it ran.

(Laughter.)

Q Did you have any discussion with North during the January discussion about whether this proposed lethal resupply flight was legal?

A Yes, oh, yes.

Q Tell me what you remember about that.

A And about what am I doing is legal. Is that legal, Ollie? And he'd say yeah, you are passing information. You are just passing information. You are not coordinating. You are not running a military operation. You are passing information; is that clear? You are just passing information.

I said, fine, as long as that's the case, then that's all I need to know.

Q Did he say anything about having legal opinions on the subject?

A No, but I had, because we had been told at some point -- I think it was December '85 when we had a meeting [redacted] of the COSs -- that we were permitted to share information with the contras. Oh, yeah, the other aspect is -- and Tom just brought this to my attention -- is that part of that sharing of information, as I understood it from [redacted] C was that we were permitted to share information which could be used for the secure delivery of lethal equipment and materials.

Is that correct, sir?

Q What did [redacted] C say that led you to understand that?

A The secure delivery. That meant communications, secure communications. That meant other things involved in the secure delivery of materiel and that came out of an agreement worked between the House and the Senate as a result of the $27 million and the $3 million communications provision.

Q Who gave you that understanding?

A [redacted] C

Q When?

A I don't know. Certainly during this period. Oh, here's a good point. I tried to be as close to the letter and spirit of the law as I possibly could. My officers will tell you that time and time again I cautioned them about the whole issue of what can we do, how far can we go within the restrictions of the Boland Amendment and all of the attendant other Agency-imposed qualifications of that restriction.

There were times when some things were very easy -- I mean, to be able to handle. There were times when it really as a close call and I had to go back to headquarters. Let me give you an example of one.

When we were allowed to provide communications training and communications equipment, specifically [redacted] radios, for the resistance fighting inside, and that of course was one of the things that we were able to provide to the commanders who signed the agreement in January, part of the things that they carried back in with them wree the [redacted] radios, one-time pads, as well as we trained a couple of them so that they could train others inside.

Well, we had the occasion about the same period, early January, when we were going to send in some Miskito Indians along the Atlantic coast and we had trained them and given them radio equipment to take in with them. Not only that. We purchased with humanitarian funds the boats and motors so that they could take the medical supplies and the radios in.

They came back to us and they said, hey, wait a minute. You expect us to go up here along the Atlantic coast at least 100 miles into Nicaraguan territory without guns. How are we supposed to defend ourselves or how are we supposed to protect the radio equipment that you just gave us to take inside, plus the one-time pads and the other thing? I said, well, good question.

I went back to headquarters and I asked them the question, and they came back and they said well, no, we can't provide them with weapons even if they are for defensive purposes, but why don't you suggest to them that they contact Negro Chamorro and ask him if they will lend, if Negro will lend the Indians some weapons so that they can carry them back in.

I thought that was a very Solomonic decision. It was a judicious decision on their part to avoid the

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question and yet settle the problem. Now we tried that. We followed that practice as much as we could. It wasn't always simple. The questions at times were difficult, but we did the best we could.

Q Let me move to a different subject.

A And let me get into one other thing, too.

Q I don't mind your counsel passing you notes. I will say that if he wants to develop certain ideas with you on the record he will have a chance to ask you any questions. But go ahead, bring up the subject.

A Because I think it is relevant. You need to make, or I think that the people looking into this situation need to make a judgment call on the difficulties that I was faced with in dealing with these people who were not of a professional -- who were not professionals by career, and yet were trying to enter or get into areas where we had always practiced and followed certain regimens and we would not have allowed some of the things to happen that did happen, such as the problems with the air strip and how to get through Costa Rican customs and immigration with $5,000 in their pocket, and not carrying tapes or photographs at the same time.

I want to bring this situation up because it does impact on my personal responsibility as well as the

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judgmental aspects. During a discussion, and I think it took place some time in the spring of '86 with Quintero, I brought up the problem of the fact that these people had, the people inside, had no ability to defend themselves against Sandinista ambushes.

And one of the things, from our experience, that would clearly have been helpful would be explosives, demolitions training. There were demolitions. There are demolitions inside of Nicaragua and the resistance forces inside can steal it or capture it, but they had no ability to use it. They didn't know how to use it, at least in terms of military usage.

And so Quintero said that he had, he thought he knew somebody or had access to somebody that could [redacted] do some training of some of Negro Chamorro's peopl[redacted] and I said, gee, that would be a nice idea and sort of let it go at that. Next thing I know, I got a call or a message from Quintero that he was sending in someone by the name of Kenneth, Kenneth or Kevin, that would conduct training of the resistanc[redacted] of two or so peopl[redacted] and that they in turn could train others inside Nicaragua.

All right, fine. The next thing I know, I got a call from this Kenneth -- I can't remember his last name or even if he gave me one -- and he said he was staying in room such and such at a local hotel. So he said he was there to conduct the training of these people. So I said, well, let me come over and talk to you. I would like to know something about you, what kind of person you are, fully intending only to provide an introduction -- this is so and so, this is so and so -- and walk away from it.

Well, I went over and I found that he was a very clean-cut young man. He had several books in Spanish, Spanish language primers. He has some Spanish but not nearly enough to work with, and he had said he was making an earnest effort to improve the little that he had.

I asked him about his background. He was very reserved about it. He said a military background, and that he had experience in demolitions work. He then gave me a list of things he needed from hardware stores and so forth, and I said look, friend, I'm not going to go out to hardware stores looking. If you need this stuff for your training activity, you go out and get it, and I assume you have the money because you won't get any money from me either.

So he says, okay. It will give me a chance to learn my Spanish or to improve my Spanish, and he did.

Several days later he calls me up and he says, okay, I've got all the material or I've got all of the tools and the stuff I needed from the hardware store and they just delivered the material. I said what do you mean? What material? He said the material that I'm going to teach these people to work with.

I said who delivered it? He says, I don't know. Some guy [redacted] just appeared at the hotel door with this material. And I understood what he was talking about, but I didn't understand what was behind all of this. But it was clear that they were explosives that had been delivered to his hotel room.

I said you stay right there. You don't leave that hotel. And I raced out of that, out of my office in virtually a state of panic because all I could envision is this American spending the next 20 years of his life in [redacted] jail for having a case of explosives in his room.

Well, I went to a phone, called the contact in the resistance and made an arrangement for him to pick up this fellow, to be introduced and pick up this fellow and to get him out of town. I went to the hotel, parked in front of the hotel in an unlicensed car, went upstairs to the room, and I told him let's pack the explosives. He had two cases of commercial plastic explosive.

I said [redacted] [redacted] I am going to take this stuff from this room downstairs. You check out of the hotel and you meet me in my blue car outside. And that's what I did. I carried -- there must have been 50 pounds each case, trying to make it look like they were normal pieces of luggage, walked out, stuck them in the car, took him, made sure that we were not under surveillance, because I was convinced that this was a setup. Somehow or other this man had been discovered and somehow or other this whole operation was going to go up in smoke.

And I felt that my responsibility was to it. But what I think -- and I've never been able to determine this yet -- I recall only being very mad at Quintero, but I think what they did is they brought, they somehow brought into the country or obtained in-country, this commercial plastic explosive, and either [redacted] or one of his minions delivered this to this guy's hotel room.

Now, you know --

Q Where did you take the explosive?

A I turned it over to -- I mean, I carried him and the explosives in my car to the resistance and then he took it up-country and they blew it all up during the training period.

Q Did you tell Colonel North about this episode?

A No, I don't think so. I'm not sure that I did, no.

Q Let me leave that and move to a different subject. When did you get your KL-43?

A Early '86, I believe.

Q Who brought it to you?

A Quintero.

Q And had North told you that this would be coming down?

A Yes.

Q What did he want you to use it for?

A Our communications.

Q Well, you were able to communicate with North on secure telephone.

A Yeah, but that was only between 8:30 in the morning and 4:30 in the afternoon, after which [redacted] communications closes down. It wasn't available on holidays. It wasn't available on weekends and it wasn't available at night.

Q The CIA didn't have its own access to a secure telephone?

A We had another secure telephone line, but it didn't connect with North.

Q Okay. So you understood that the purpose of this KL-43 would be to communicate with North?

A And with Quintero.

Q What communications would you have with Quintero that you would have to use a secure communications device?

A Well, after the offer to send the lethal material in -- and that was about the time -- well, maybe it wasn't January; maybe it was even February -- when this piece of equipment came down.

Q Where was Quintero when you would communicate? I would assume it was for purposes of communicating the intelligence information and the flight information concerning the flight; is that right?

A Either Miami or [redacted]

Q And what was your understanding that Quintero would do with the information once you transmitted it to him?

A Coordinate the information with the pilot and the crew that was flying the plane.

Q So you would call Quintero at either Miami or [redacted] wherever the plane was, with the information?

A No, no. Where he was. I never knew that the plane was anyplace else other than [redacted] If he was in Miami he would communicate with his people and I didn't know who they were, who were in [redacted] presumably by the same secure method, and tell them that the commanders had this drop zone or whatever the information pertained to the operation.

Q Did you ever speak directly using this device to people at [redacted]

A No. Well, only to Quintero. There were only two people that I used this device with -- Quintero and North. And I used it with Quintero when he was either at [redacted] or at Miami, and with North only when he was in Washington and I couldn't talk to him on the secure line.

Q ω [redacted] did you participate in the planning of these air drops?

A No.

Q Did you play any role in deciding when equipment had to be dropped, how much equipment had to be dropped, where it had to be dropped?

A Please understand that neither the station nor I, nor even the communications center or the remnants of the little support staff that the armed resistance had [redacted] had any influence or control over what was happening inside. The commanders were autonomous. They decided the targets they were going to have. They decided what their situation was and they told us we can take a delivery within the next 48 hours or the next 24 hours or, as happened on occasion, they had a delivery scheduled within 24 hours and they said we can't; we are being pursued. We have to change. Will advise you. Being pursued by the Sandinistas.

They picked the time and the schedule, and as far as location is concerned they would give us a location where they thought they were. When the aircraft got into the area, they might be seven, eight kilometers away because they weren't able to read maps. They would say, we are, say, three kilometers from the bend in the river.

Well, they wouldn't know or they didn't realize that there was a bend in the river that topographically or from the air looked identical to the bend in the river where they were. So they couldn't even give us map coordinates.

And I want to try to answer the last part of your question. Toward the end, in September, what we did was [redacted] working with the resistance [redacted] was to pick out this bend in the river (indicating), and then we'd figure out the coordinates or the resistance [redacted] [redacted] would figure out the coordinates and the communications center [redacted] the resistance communications center, would tell the commanders, all right, this is -- when you go to this spot, walk in a northwest direction three kilometers and then this way (indicating).

Then that's where the thing will be, and then there would be an alternate. But that was done because the equipment kept getting lost or the commanders inside would give the wrong place. So in terms of what input was [redacted] that was the only input. It was the private benefactors who told us when and what they were delivering and when they were going to deliver it.

We had no control over that. We couldn't even call it off.

Q So it's your testimony that you didn't participate in the planning but you were simply given information as to when, where, what, was being dropped?

A That's correct. That's correct.

Q Was it your objective to create a 2,500-man force?

A I would like to respond to that with the answer that I prepared in response to the appearance of that question in the Tower Commission, if you will permit me.

Q Sure.

A I don't know what the exact terms are, but the reference to my message to North is on page C-8, right side of the page, which quotes, in part, "My objective is the creation of a 2,500-man force which can strike northwest and link up with Quiche to form solid southern force." My comment is as follows.

The portion of the April 12, 1986 message which mentions the creation of a 2,500-man force reflects a poor choice of words on my part and needs explanation. First, the message should be understood in the context of an informal communication and, as such, was written in an offhanded style. It was obviously not meant to be anything more than a simple direct expression of an ideal, perhaps unattainable, situation.

Secondly, in a more appropriate choice of words I might have cited the expectation of the southern front commanders, whose views I was essentially representing as my own, and the exhortation that all of USG and resistance elements pull together in support of the southern front, including the NSC.

For the record, the message represented a bit of brainstorming and I subsequently wrote an identical cable to headquarters in a ~~staff~~ back channel message. The existence of this cable was made known to the Office of the Inspector General and I used exactly those terms with exactly the same proposition, that bring the FDN force operating at the northern part of southern Nicaragua together with the southern front.

Q You have just read verbatim from notes that you prepared earlier on this subject?

A Immediately after the Tower report was issued.

Q And those notes that you read from there are essentially your response to several things, several inaccuracies in the Tower report?

A Yep.

Q Would you be willing to give us a copy of that?

MR. WILSON: Well, these were prepared for us, Paul, for the lawyers' use.

MR. BARBADORO: But he has used it to refresh his recollection. He has also read some parts verbatim into the record. Certainly under the rules I would be entitled to it and I may push it, but I will just ask you now would you be willing to give it to us.

MR. WILSON: We don't have any objection.

BY MR. BARBADORO: (Resuming)

Q Okay.

A Some of it, of course, is conceptual in terms of references that are made to the cutoff and so forth, and obviously things that I found interesting. There are some things that I think are very -- that are essential to the question especially about the air strip because they refer to things in there that are definitely inaccurate, according to my information.

Q Well, that will be helpful and we can go over that later. Let me mark the April 12 message that has been referred to as [redacted] Exhibit 5.

(The document referred to was marked [redacted] Exhibit Number 5 for identification.)

Take a look at Exhibit 5. I think that is the cable that you referred to in your last answer; is that right -- excuse me, the KL-43 message that you referred to?

A Yes. That's interesting. I covered a whole gamut of things.

Q Is that a copy of a message -- and I am referring now to [redacted] Exhibit 5 -- is that a copy of a message that you sent to Colonel North on April 12?

A Yes, it is. Well, I don't know the date. I am accepting what is written on there. Was there a date on it? Yes, that's fine. Okay.

Q And that message does use the phrase "my objective", to begin a sentence saying "My objective is creation of a 2,500-man force." Is it your testimony today that when you used "my objective" that you did not mean my objective, that you mean to refer to the southern front commander's objective?

A I'll stand by what I read from my notes in that within the context of representing I was representing the views of the commanders as well as my own, as my own ideal of what I would have hoped a situation could eventually be. It was a bit of brainstorming.

Q Okay. Did I also hear you correctly that you sent an operational cable to CIA headquarters that used the phrase "my objective" in connection with the discussion of a 2,500-man force?

A I was more formal, as I recall, in my cable to headquarters in that I probably would not have used the first person. I would have said the objective should be to have, et cetera, et cetera.

Q Was that cable sent around the same time?

A Maybe within the following two to three weeks. That's my best recollection of that.

Q Okay. [redacted] Exhibit 5 also says "our plans during the next two to three weeks includes air drop [redacted] maritime deliveries, NHAO supplies to same, NHAO supply to UNO/SOUTH, but with certified airworthy aircraft", et cetera.

Is it your testimony that the use of the phrase "our plans" refers to the plans of the southern front commanders rather than your plans?

A Sure. It's short for the southern front position.

Q I would like the next three exhibits marked. The message headed "[redacted] 4/15/86" is [redacted] 6.

(The document referred to was marked [redacted] Exhibit Number 6 for identification.)

The message headed [redacted] 6/16/86" is [redacted] 7.

(The document referred to was marked [redacted] Exhibit Number 7 for identification.)

And the message headed "2000 Hours, 30 June" is [redacted] 8.

(The document referred to was marked Fernandez Exhibit Number 8 for identification.)

Take a look at 6, 7, and 8, please, [redacted] [redacted]

A I did not send this message.

Q You are referring to Exhibit 7?

A That is correct.

MR. WILSON: Read it carefully, [redacted]

THE WITNESS: That's correct. I did not send this message.

BY MR. BARBADORO: (Resuming)

Q Did you receive it?

A I do not recall ever receiving this message.

MR. LIMAN: Have you seen this before?

THE WITNESS: I was shown this message. I believe I was shown this message by either the IG or the Tower Commission, and in my notes I referred to this. I think I referred to it. Is this the one that's referred to where I say no way did I -- no, it's the next page, next one.

Ah, field officer sent another secure message, page C-8, first paragraph, right side. I will read it. Quoting from the Tower Commission Report, page C-8, "(4) Three days later the field officer sent another secure message to confirm a delivery to an airbase in a Central American country." And my comment: the field officer they are referring to is me because it follows a previous paragraph which said, which refers to a cable I did send. End of my comment.

He tells Lieutenant Colonel North the delivery is loaded with ammunition for your friends. He asks Lieutenant Colonel North when and where do you want this stuff. We are prepared to deliver it as soon as you call for it. My comment to that was: I did not, as stated the comment above, I did not send this message. Furthermore, the question asked in the alleged message implies that I had control of materiel and was prepared to deliver it. It also implies that I had some means of delivery.

Q So that the record is clear, take a look at ω [redacted] 6. Did you send North that message?

A No, I did not.

MR. LIMAN: Is that the message that you have just been referring to?

THE WITNESS: That's the message that I was referring to.

MR. LIMAN: Not 7?

THE WITNESS: I suppose not.

MR. LIMAN: Now look at 7.

THE WITNESS: I did not send this message.

MR. LIMAN: You did not send 7 either?

THE WITNESS: No, and I don't believe I received this message either -- received or send.

(A discussion was held off the record.)

MR. LIMAN: Let's go back on the record. We are now referring to Exhibit 6. It is addressed to you, isn't it, ω [redacted]?

THE WITNESS: Yes, it is. I did receive this one. I recall receiving this one.

MR. LIMAN: Do you know what the BT at the end of a message means?

THE WITNESS: It was Ollie's signoff. Okay? Yes, it would make sense if I received it. I had looked at it because of the Tower Commission as though I had sent it. I didn't send that. It looks familiar. I would say yes, I did receive it. This one (indicating), if I may, again --

MR. LIMAN: Now look at 7, which also looks like it was sent addressed to you and signed BT, North, and read it with that in mind.

(Pause.)

THE WITNESS: Geez. I don't remember seeing this one.

MR. LIMAN: You don't remember seeing it?

THE WITNESS: Well, let me look at it and concentrate on it.

(Pause.)

I know we talked about that subject, the mountain leprosy.

MR. LIMAN: Do you have any recollection of that message as such?

THE WITNESS: Parts of it.

MR. LIMAN: It's fair to say, as you sit here today, you cannot say definitively whether or not you received it? You may have and you may not have?

THE WITNESS: Gee. I want to be totally precise with you on it.

MR. LIMAN: But you either have a recollection.

THE WITNESS: Some of it looks familiar, some references look familiar, but I don't ever recall him telling me anything about pilots and the repair people. That's the first thing that strikes me, the fact that they didn't see the zone lights. That was frequently mentioned. I mean, that wasn't the first time.

I remember him saying at one point that he wanted Ralph on the scene to better handle the transmission of information from the commanders through me so that he would be right there and could talk to [redacted] and come back to me. And I know I asked for the mountain leprosy medicine. That was a constant request.

I would have to say that even though I don't recognize this message specifically that the contents of it, that in the contents there are things which I do rcall receiving.

MR. LIMAN: All right.

BY MR. BARBADORO: (Resuming)

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Q Now the last one, which is [redacted] Exhibit 8. Did you sent that message to North?

A Fine. This is my message.

MR. LIMAN: This is my message, he said. Let the record reflect that he is reading the message to himself.

(Pause.)

THE WITNESS: Yes, I sent this message in the case of sending the two qualified men. It was apparent that the field commanders were having difficulty in either receiving the drops or something and the support staff of the resistance people [redacted] wanted to send two qualified -- and I don't know what they mean by "qualified", but it just occurs to me that it was either qualified in handling communications or qualified in setting up a drop zone, and so they were prepared to send some people in for the purpose of the coordination inside.

And that's all.

BY MR. BARBADORO: (Resuming)

Q Let me ask you something about this message. The message appears to have two paragraphs to it. The first paragraph ends "Need July cassette, [redacted]" Is that the end of your message?

A I never signed mine [redacted] first of all. Whoever wrote that message was taking it off the machine and simply substituted my signoff and this other thing here (indicating). I assume that the person who received this message -- and I don't know where this went to or to whom it went. Let me see if I can decipher it.

Q Do you remember who you sent that message to?

A You see, I would have sent that to Ralph.

Q Quintero you are talking about?

A Yes, to Rafael Quintero.

Q What looks like a second paragraph says: "From Ralph". Is that something that you send?

A No. Let me try to explain. There were times when -- and I assume that this would have been one of the occasions and this is from Ralph who told me this, that there were occasions when he would take and relay my message to North verbatim. In other words, he'd get back on his machine and he would relay it.

On occasion I received from Rafael, from Ralph, messages that North had sent him verbatim. Okay? That often happened -- well, not often happened, but that happened when, for example, North couldn't get a hold of me and he had to leave on a trip or he was going out of town or he had to go to a meeting. So he would send the message to Rafael because there were times I was out of contact with either my office or my home or he would call me late at night when it was convenient for him.

And he would then relay North's message to me. I can only assume that the person who wrote this piece of paper received two messages. The first one I remember writing that message. The second one I don't. I assume it was from Ralph but not through me or from me.

Q That's what I wanted to know. Thanks. The message, the part that you sent, says, in one part of it, the sentence begins "Even so, we are making new efforts, sending two qualified men by boat 1 July." What is that referring to?

A As I said earlier, it refers to that there were problems inside. I don't recall exactly what they were now. The people that were going in were people from the resistance support staff [redacted] I mean, we didn't send Americans in. These were their people going in.

Again, it's a question of shorthand.

Q You meant they, they sending in?

A Well, most of the trips, as I recall, most of the trips of the people who went inside, such as these people here went in with our money because they were going in on an intelligence mission, either for the purposes of intelligence collection or for coordination of intelligence information regarding the secure delivery of supplies or to carry in extra communications equipment or to carry in medicines or food and so forth, as in the case of the boat going in.

So there is a mix back and forth between one thing and another. When I said "sending two people in", more than likely we paid their expenses for getting back inside.

Q Well, this message says, it follows that sentence I read to you: "One to Commander Gonzo, one to Commander Ramon to set up secure drop zone area and organize reception." Are you telling me that these people were paid by the CIA to go in and do that?

A Boy, you are putting me on the spot. I don't remember, you know, in that particular case. I would say, hypothetically speaking, that if we were sending a support staff person [redacted] to Gonzo and to Ramon to set up drop zone, secure and for the safe delivery, yeah, we would have paid his expenses to go inside, that's correct. That would have been a legitimate, in my estimation, a legitimate function.

That was hypothetical. To give you a definitive answer, I'd have to know more, and I can't recall it from the circumstances, as they are presented there.

Q I'd like to go into a new area.

MR. LIMAN: I'd like to ask something. This might be something that you have covered. But during the period from, let's say, the fall of 1985 to the fall of

'86, how often would you communicate with North?

THE WITNESS: There were periods when I didn't talk to him for five or six weeks, and there were times when I would talk to him three or four times over a period of several days.

MR. LIMAN: Did you have more contact with him than with [redacted]?

THE WITNESS: Counting cable traffic, no -- [redacted] much more. I mean, our cable traffic was running approximately 1,200 cables a month, all to the Central American Task Force, and, incoming 3,000-3,100 a month.

MR. LIMAN: Were there things that you communicated to North that you would not have communicated to [redacted]?

THE WITNESS: Yes.

MR. LIMAN: Give me some illustrations.

THE WITNESS: When I was attempting to block some of [redacted] political moves, especially where [redacted] [redacted] were concerned, I enlisted North so that -- and it also occurred with some of the shenanigans of Arturo Cruz -- I enlisted North to be my advocate or the advocate of my views at the RIG.

MR. LIMAN: And why was that?

THE WITNESS: Because I believed [redacted] was wrong. [redacted] was coming from a --

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(A discussion was held off the record.)

MR. LIMAN: Back on the record.

What you have just said is that there were some issues where you felt that it was important that they be aired at the RIG and that you used North as the channel to obtain that airing. Is that fair to say?

THE WITNESS: Yes, it is. And, to expand on that, that he act as an advocate for the views that I held concerning these political problems.

MR. LIMAN: This may have been covered, and if it has been just cut me off. When North came down for that short vacation with his wife you observed that he was a man who was tired; am I correct?

THE WITNESS: Yes.

MR. LIMAN: He had been working very hard?

THE WITNESS: Oh, yes.

MR. LIMAN: Did he tell you that he had been working on the hostage release problem?

THE WITNESS: No, sir.

MR. LIMAN: Did he tell you --

THE WITNESS: He did not say it at that time.

MR. LIMAN: Did he tell you that he was hopeful of getting some money from any source for the contras?

THE WITNESS: No, sir.

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MR. LIMAN: Did he ever discuss with you the possibility during that visit, the possibility of getting money other than from Congress?

THE WITNESS: No, sir.

MR. LIMAN: Now you say he didn't tell you about the hostages at that time.

THE WITNESS: Correct.

MR. LIMAN: When did he tell you about the hostage mission?

THE WITNESS: One night here in Washington we got together for a couple of beers.

MR. LIMAN: Was this while he was still at the NSC?

THE WITNESS: Yes, and he drove me back to the hotel and we were sitting in the carport of the hotel and he told me that Bill Buckley had been tortured and killed. He knew that I knew Buckley. He broke down and started crying, causing me to do the same thing. It was the first indication that I had that he was involved in any way with any hostages, the first and only indication, and that he had apparently been engaged in some effort to get Buckley released.

But it was a terribly emotional moment for both of us.

MR. LIMAN: Did he ever tell you that he was generating any money from Iran to help the contras?

THE WITNESS: At no time, in no way, did he ever, thankfully, mention to me that he had anything to do with that. The first time I heard of it was when Attorney General Meese spoke of it in November.

MR. LIMAN: Did he ever tell you that any of the money for the contras was coming from foreign governments?

THE WITNESS: No, I don't think he ever mentioned that. I think perhaps that [redacted] C mentioned something, but in very vague terms, and then after the announcement by Attorney General Meese [redacted] C did tell me about the mixup of the bank account instructions for the Brunei matter in the context that he was just dumbfounded at what Assistant Secretary Abrams had done.

MR. LIMAN: During this period when you were station chief was there a sense on your part that the southern front was getting shortchanged compared to the FDN?

THE WITNESS: Well, you know, you are always dealing from perceptions in that. Yes, sure I did.

MR. LIMAN: And I gather you identified yourself with the people you were working with in the southern front?

THE WITNESS: That's correct.

MR. LIMAN: And you became their advocate?

THE WITNESS: In the ~~councils~~ counsel of the Central American Task Force, yes, that's very true.

MR. LIMAN: Go ahead.

THE WITNESS: But then no more or no less than my counterpart [redacted]

BY MR. BARBADORO: (Resuming)

Q That he was being an advocate for the FDN?

A You're darn right he was.

Q How many resupply drops --

A And we are very close friends. It's just that it was a lot tougher and it took a lot more effort to get stuff to us and it was a lot easier to get stuff to them, and we didn't get anything except for the one flight in April until later on, and it was a matter of the FDN certainly didn't want to deliver anything to the people in the south because they wanted to take care of themselves first.

So the people in the south were left, you know, to the benevolence of the private people that were connected to Ollie.

Q How many resupply flights were there?

A To the best of my ability there were nine.

Q What did they contain, those flights?

A Ammunition, grenades, mortar rounds, some rifles, some machine guns.

Q How about humanitarian aid, non-lethal aid? Was that also on these flights?

A It was not on any of the private flights.

MR. LIMAN: It was or was not?

THE WITNESS: There was no non-lethal material on any of these.

MR. LIMAN: These nine flights?

THE WITNESS: The private flights, not even the mountain leprosy. I never got -- that all ended up at the FDN.

BY MR. BARBADORO: (Resuming)

Q Were there flights with just humanitarian aid on it?

A Yes, sent by the Nicaraguan Humanitarian Affairs Office.

Q How many of those?

A One or two. I think there were two.

Q So during this period, January '86 until the CIA got back in the resupply business?

A No, no. Wait a minute. Go back to spring of '84.

Q Okay, from the spring of '84 until the CIA got back in there were eleven?

A Excuse me. Let me even clarify that more. From the spring of '84 until January 24, 1987, the only supplies that reached these people were the humanitarian supplies, one or two flights, and the nine flights of lethal equipment delivered by the private sources. The money was approved and in CIA's hands, and this is a sore point, Mr. Liman, on October 24, 1986, physically in their hands. The first resupply flight to reach those people was January 24, 1987 -- three months later.

Q Approximately how many people were out in the field then?

A Now?

Q No, back then in '86.

A [redacted]

Q Were these flights enough to supply them?

A Oh, no.

Q Are you in a position to estimate the value of the lethal assistance that was given to them?

A I have no idea. I don't even know what a bullet's worth.

Q Was any record made of what was going to them as far as lethal assistance?

A Whenever a drop was made the commanders, as you will see in one of those reports, prepared an inventory which he radioed in on his one-time pad, and that constituted the essence of a disseminated intelligence report, so every drop had an intelligence report sent to Washington.

Q So from those intelligence reports we could reconstruct exactly how much lethal assistance was given to them?

A How much they actually received.

MR. LIMAN: How much they received if there was a drop that hit them?

THE WITNESS: That's right. There was one case where a drop of seven-some bundles was never recovered. It went into the rain forest and they never found it.

BY MR. BARBADORO: (Resuming)

Q In March you and your wife and [redacted] and his wife went to Washington see the President. [redacted] The scheduling of the actual -- the photo opportunity, that was handled, as I understand it, Admiral Poindexter surrendered five minutes of his morning briefing time.

Q Who arranged that, do you know? Was it North?

A It was either North or Poindexter or both.

[redacted]

Q Was that visit with the President made to fulfill Poindexter's promise in December when he told [redacted] about meeting with the President?

A Yes. It was also, I think, [redacted] the combination of a dream. You know, he considers the President -- he has great admiration for the President.

Q After you came out of the photo session with the President [redacted] was at the White House, wasn't he?

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A He was in the outside area there.

Q Had that been arranged between the two of you that he would be there?

A No.

Q Were you surprised to see him there?

A No.

Q Was there any meeting --

A He was aware of where we were going to be at that time.

Q Was there any meeting with [redacted] after this photo opportunity?

A Not a meeting in the sense of -- there at the White House?

Q Yes.

A No. [redacted] autographed a picture book [redacted] [redacted] which he had also given the President. He brought four of them -- one for [redacted] one for North, one for Poindexter, and one for the President. And he had presented it to the President, the picture book to the President, but hadn't yet autographed it or dedicated it. So when we left he dedicated one of the other three copies he had outside and I think the secretary carried it into the Oval Office and then brought out the blank one and left the other one.

He then went, dedicating each of the remaining three and he handed one to [redacted] and he handed one to Colonel North and we stood around for about ten or fifteen minutes waiting for Admiral Poindexter to come back to finish, I guess, his briefing, and so we chatted there -- if that can be called a meeting. Nothing of any substance was said.

Then, when Admiral Poindexter came back, Colonel North, Admiral Poindexter, [redacted] and I went into Admiral Poindexter's office where the Admiral and [redacted] had an exchange [redacted] Nothing concerning the air strip, resupply -- to anticipate your question -- or anything else was conducted at that time.

Q Thank you for saving me the time.

(Laughter.)

Tell me about your meeting with Secord that day.

A Either before or after this -- I guess it was after -- when we broke up after the meeting with Poindexter, our wives had already gone on shopping and North said to [redacted] I want you to meet with someone this afternoon. His name is Secord. He will be coming by your hotel and I took the liberty of setting it up for, what was it, 2:00, 3:00, whatever it was.

He would like to meet with you about the air strip.

Q Was this the first time you heard Secord's name mentioned?

A Yes.

Q Did you recognize the name when it was mentioned?

A From the book, yeah.

Q From what book?

A From the book "Manhunt"A. I don't think North had ever mentioned it beforehand or -- I'm trying to think now. But that's definitely the first time that it made an impression on me.

Q That you associated Secord in any way with the air strip or the resupply?

A That's correct. That's my impression. I mean, I might be wrong, but that's the only time that -- that's the first time I think I heard it. And there is a curious thing. I mentioned this to the Tower Commission.

For some reason, as I heard North talking [redacted] [redacted] I have the impression that [redacted] already knew something about Secord, who Secord was, or that they had discussed it before, because he immediately sort of yes, sure, instead of saying who is he. You know, it's as though it had already been sort of arranged and he was just finally telling [redacted] and I felt a little left out. It's a feeling that you get as though you are coming in the middle of a conversation, although I have nothing to base it on except that feeling.

[redacted] turned to me and said I want you to be there, too. I said, yes, sir. So we got back to the hotel. We went out someplace for shopping or something, and then we got back to the hotel and we waited in the Four Seasons, as you walk in, there's the reception desk and then there is a large open area with seating and we waited there so we could have a clear view of the people who were coming in through the door.

And Secord appeared with Rafael Quintero, so I knew who he was, although Quintero was not mentioned as being a participant when North mentioned it [redacted]. And it's the only time that I know of that [redacted] saw Quintero. I mean, we talked about it and so forth. We went up to [redacted] room in the hotel and they sat down, the two of them, and started talking, and it was [redacted] and this is the second reason why this remains in my mind.

[redacted] had it clearly in mind what he wanted to tell Secord, as though it was something he had been thinking about, and he said look, there are things. I want a letter from the company that's building this strip, and that's when I heard the name Udall, which I thought was ironic in view of the fact of Morris Udall being a super liberal and here they use this name, the Udall name, for one of their companies or for a company which now I found out was one of many.

[redacted] dictated terms. For example, that the Civil Guard would have access to this air strip field. I don't remember the exact terms. The letter was published in the press. And Secord sat there and wrote down the terms [redacted] They had a discussion on some minor points, but it was clearly [redacted] who was in charge. And Udall -- no, not Udall -- Secord said that he would get the Udall letter to him.

And it's a little fuzzy now, but for some reason or other I seem to think that somehow that letter was delivered later that day. I did not see that letter until much later, weeks later, [redacted]

And then I never knew until I actually saw the letter in the paper that it had been signed by Robert Olmstead. Now I don't know if Secord signed Olmstead's name or Olmstead was sitting there in some office in the neighborhood and signed it. I don't know.

Q It's the Tico Times?

A The Tico Times.

Q That was after Arias had announced the existence of the air strip?

A [redacted] It was the [redacted] Minister who showed the letter to the press at the famous news conference.

Q Did you ever meet with Secord again?

A Never, and I never talked to him on the telephone, and I never sent him a message. And I want to be very emphatic about that. I told Tom this. I don't even know if it's appropriate, but have you ever had an instant dislike for somebody -- I mean an instant? The chemistry is absolutely not there. I mean, some people you just -- you know. But Secord just sent me the worst possible vibes, and I told Ollie this later. I said, I do not like that man. I don't want to have anything to do with him.

There was just an antipathy that I cannot explain.

Q Did Ollie ever explain to you what Secord was doing, what his involvement was in this?

A He said Secord's a good man, Secord can be trusted. I said, well, I certainly don't agree with you, and that's not my sense of him.

MR. LIMAN: Did you have the sense that he was in it for profit? Is that what struck you?

THE WITNESS: No. I have since heard that that may well have been the case, but I have no way of -- that was not my sense.

MR. LIMAN: That wasn't what struck you?

THE WITNESS: No. It was his personality. It was that he came across as a ruthless man and I empathize a great deal with people and I can get along with difficult people, but I haven't had a feeling like that in years about somebody. That's a commentary, probably isn't important.

BY MR. BARBADORO: (Resuming)

Q Did you meet with anybody at CIA headquarters while you were up on that trip?

A Oh, yeah, sure.

Q Did you meet with the Director?

A [redacted] No, [redacted]

Q How many times did you meet with Casey from the time you became chief of station [redacted]?

A I met him in August '84 [redacted] I met him when [redacted] trip in '85. I went along [redacted] on a [redacted] visit. And when he came to the station in November to present us with a meritorious unit citation.

Q November of what year?

A Of '86.

Q Was that the trip immediately prior to him coming back, having to come back to testify about the Iran matter? Was it around the 18th or 17th of November?

A Yes. But I didn't know what he was doing. I know what he did [redacted] but I don't know what he did after he left.

Q Did you ever discuss the contra resupply effort with the Director?

A During his visit, part of the briefing I told him we had received the drops in September, which is all part of the intelligence reports that we had given -- you know, just the overall briefing of where they were and wht their condition was.

Q Did you tell him about North's involvement in the resupply effort?

A No.

Q And you didn't talk to him about the airstrip at all?

A No, ever.

MR. LIMAN: I'm going to leave you.

MR. BARBADORO: Okay. I've got about a half an hour more.

MR. LIMAN: I will see you before you leave anyway. It was very nice meeting you.

THE WITNESS: It was very nice meeting you, hopefully again under better circumstances.

MR. LIMAN: I hope this hasn't been too unpleasant.

BY MR. BARBADORO: (Resuming)

Q When did you first meet General Singlaub?

A The first and only time I ever met General Singlaub was in the Ambassador's office [redacted] I don't recall the date.

Q March of '86?

A Yeah, okay. That sounds good.

Q Did you know what he was in [redacted] for?

A Well, the Ambassador called me in and said he could explain what he was in [redacted] for, and that was to approach Eden Pastora in an attempt to get Eden Pastora to work out his difficulties with the United States Government and somehow act as a mediator. And I spent about ten minutes in an attempt to dissuade General Singlaub from any such attempt, that there was no interest in doing so, and that in fact if he attempted to do so it would probably be detrimental to the best interests of U.S. policy.

I then left town for headquarters the next day or the day after, and when I returned I found that he had in fact gone to see Eden Pastora and worked out some sort of an agreement with Pastora in which he presented himself as a representative of the United States Government and that then subsequently the Ambassador went in with a restricted channel message, [redacted] which my deputy had sent and in which they outlined this thing.

And when I saw it I went high order with the Ambassador and with my deputy.

Q You mean you were extremely upset?

A Extremely upset. And I went in with what the Ambassador meant to say, because parts of his cable -- and I was clearing it with the Ambassador, but part of his cable was just incredible, that he, knowing the situation as it stood, would have allowed this cable or this representation that Singlaub made and that he in fact in his [redacted] cable endorsed.

You don't often get upset with Ambassadors, obviously, but I could take certain liberties with Tambs, and this was one of the times where righteous indignation was called for.

Q Before lunch you mentioned that the Ambassador was well aware of the fact that it was not CIA policy to

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encourage Pastora. At this point it was CIA policy to have no contact with him, and you testified that the Ambassador was well aware of that fact. Did you raise that issue with the Ambassador?

A I don't remember exactly what I said at that time, but he knew that everything, that this whole Singlaub affair raised -- was contradictory to strategy, policy and legality, because to support the private effort of this American, Singlaub, who was, you know, a private citizen, contravened the Boland Amendment certainly in that it endorsed in an official way what the guy, what Singlaub was doing, to say nothing of the fact that we didn't want to give Pastora any encouragement whatsoever.

Q Did the Ambassador explain to you why he had done it?

A Well, you know, he apologized. He says, you know, I didn't realize it, and then he put it off on my deputy, that my deputy should have known better and that my deputy, you know, let it slip. Well, I went to see the Deputy, and the deputy said what the hell am I going to do when the Ambassador tells me, he dictates the message to me?

Q This is [redacted]

A Yes.

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Q Let's just mark this as ω [redacted] Exhibit 9. It is a cable regarding Pastora-Singlaub agreement.

(The document referred to was marked ω [redacted] Exhibit Number 9 for identification.)

A By the way, this started off the real Abrams-Tambs conflict. I thought that Tambs would not survive a month because Abrams just, and from then on their relationship went downhill. This was the push over the top.

Q Did North tell you that Singlaub was going to be coming [redacted]?

A No, sir, and at no time did I ever recall North telling me he had any connection with Singlaub. He'd say things like Singlaub's a good guy, Singlaub's trying to be helpful, but never did he ever say that Singlaub and he had a connection.

Q Did you ever tell him about this agreement that Pastora had signed with Singlaub?

A Oh, he didn't need to. I mean, the [redacted] [redacted] message went right to three people -- Abrams, C [redacted] and North. ω

Q [redacted] 9, that is the message, isn't it?

A Let me see it.

Q Let the record show the witness is reading to himself.

(Pause.)

A Now that is a misstatement. That is what Singlaub proposed to obtain. In the paragraph which says, to quote the document: "It was agreed that if Singlaub could obtain Pastora's written agreement to meet certain conditions Pastora should receive supplies via UNO." That's not correct. It was not agreed. It was what Singlaub proposed. He met with very strong objections from me, less so from the Ambassador.

Q Let me just say first, Exhibit 9, is that the back channel cable?

A Yeah. Well, it looks like the one.

Q Okay.

A You see here this cable shows the implicit endorsement by Tambs and no objection made in the cable whatsoever to the term "the United States will provide". In any case, I sent a cable some days later, when I returned, in which I wrote the Ambassador meant to say, ba-ba-ba, et cetera, et cetera.

Q Did you discuss with North the fact that Singlaub had entered this agreement with Pastora?

A No, no. Essentially the whole situation created so much heat between Abrams and the Ambassador that all anybody had to do was just sit back and watch

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the fireworks. The thing, the issue was dead. Nobody was going to take this seriously.

Q So you never discussed this agreement with North?

A No.

Q To your knowledge how many times was the air strip in Costa Rica, the Santa Elena air strip, used?

A To my knowledge?

Q Yes.

A According to Rafael Quintero it was only used once and that was for an emergency landing of a resupply flight which suffered either from bad weather or engine damage or something like that, and it landed on the air strip in July -- June 16.

If I may quote from my notes --

Q Go ahead.

A According to my information, the runway was used on only one occasion for an emergency landing, when a resupply aircraft was required to abort its mission because of bad weather. This landing occurred on or about June 16, 1986. On landing, the aircraft landing gear became stuck in the mud on the uncompleted strip. Note: See page B-123, last paragraph on right side, and page B-124, first part of the paragraph on the left side which refers to a North memo dated June 10. States that

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an aircraft is "mired in the mud". I cannot account for the difference in dates.

In order to free the aircraft and restart the engines additional aircraft flew to the site. Within approximately 48 hours all aircraft departed. This occurrence was the last known, to me, use of the site. FYI: I informed the Ambassador immediately after I was initially notified of the incident. I also informed Colonel North and subsequently, on or about June 18, I notified [redacted] or the Latin American Division Chief, [redacted], or both, when I arrived in Washington for a consultation visit.

Q That was the only time that you know of that the air strip was ever used?

A That's correct. However, according to the Tower Commission report, it refers to apparently other aircraft being at the air strip and I had absolutely no knowledge of that. I refer to it again in my notes because -- well, I refer to it in the notes. You can see it.

Q We'll look at the notes. On June 21 and July 12 of 1986 you arranged for two resupply flights to land at [redacted] International Airport?

A That's correct.

Q How did you make those arrangements?

A Well, let me go back a ways. At some point -- and I don't recall how or from whom -- I learned that [redacted] Air National Guard had a camoflaged C-123 which was identical to the aircraft being used at that time by the private benefactors. The private benefactors informed me that they could not make a round trip with a full load of supplies without refueling, and they couldn't land at Point West.

So I came up with the idea that well, why don't they just land at [redacted] International Airport, not say anything to anybody, and just simply refuel there, pretending, without saying anything, that they were the [redacted] Air National Guard aircraft, since it was a known aircraft from other training trips, from training trips that it made -- the [redacted] Air National Guard.

I discussed this with the Ambassador, and the Ambassador thought it was a novel idea, but he became concerned and he just said that he wanted somebody from the U.S. Mil group to stand by and watch to see that nothing went wrong, although these people were to handle all the transactions themselves.

I added a stipulation that the aircraft could not land if it had a single bullet on board. I wanted it to be absolutely clean and I told Quintero that I didn't care, that if they didn't find the drop zone or if there were some other screw up, they were to kick the material anyway before they came [redacted].

On two occasions--

Q So they'd do a drop and then land at the airport?

A That's correct. I don't know that those are the dates. I accept your characterization of it. They did land. The first time they went in, refueled and were out, and the Milgroup person informed me --

Q Was that [redacted]?

A No, it was [redacted]. He informed me that the flight had departed without difficulty. The second time it came and it apparently had lost quite a bit of oil, and they had, in addition to the refueling cost, they had to put in 18 quarts of oil in the engine, and they didn't have enough money for the 18 quarts. So they signed a voucher for it.

And [redacted] told me they had done this and the next time I saw Quintero, or Quintero came to town, which was some weeks later, I told Quintero that they owed $60-some, $60-80, for the oil that they had on the voucher, and he gave me an envelope which he said contained the dollars. I did not count it.

I took the envelope and I gave it to [redacted]

[redacted] and I said, this is for the bill. But both took off and landed without incident.

Q Do you know whether the flights were humanitarian flights, or lethal?

A These were lethal supply flights.

Q How did the other lethal supply flights make the deliveries if they weren't using Point West and if they weren't stopping at [redacted] International Airport?

A They took a smaller load.

Q And flew round trip non-stop [redacted]?

A Pardon me?

Q And flew round trip non-stop ?

A Well, as you will recall, I mentioned that I asked for flight information from headquarters. They provided that flight information for the first flight or flights after that. [redacted]

However, using the smaller aircraft, they had to carry more gasoline if they were going to make that long trip. And, by carrying more gasoline, they carried less of a payload. So, the trips inside, especially during September, during the six drops in September, the private benefactors decided that they wanted to get as much in to these people as they could. So, instead of taking that long route, with a lesser payload, then they decided to go [redacted]

As I understand it, they did that; they used that route the six times -- certainly not with my concurrence, but that's what they did -- six times to make the deliveries. The seventh time they tried it, whicH was not a delivery to the southern front, but to the FDN in the South -- it was the Hasenfus flight.

Q Do you know [redacted]?

A Yes.

Q To your knowledge, was he ever out at Point West?

A Oh, he certainly could have been, but I don't know that, that he ever went there. [redacted]

Q You never made arrangements for him to be out there?

A Oh, no sir. The fact that he went, he went on his own. Certainly, [redacted] knew about Point West, especially [redacted]

[redacted] because they flew us up there.

Q Do you know, I can't say his name right, Dagoberto Nunez.

A Yes, I know of him, but I have never met him.

Q You have never met him?

A No sir, but I know him.

Q Did you know that he claims to have known Oliver North?

A I don't know that to be a fact.

[redacted]

(A discussion was held off the record.)

BY MR. BARBADORO: (Resuming)

Q Back on the record. Were you aware that he had meetings with Rob Owen?

A Yes, [redacted]

Q I understand. What did you understand those meetings to be for?

A In the same genre of meetings that Rob Owen had with a lot of people associated or involved in the resistance movement.

Q Do you know a guy who has called himself Glenn Ford?

A No, never heard that before. Who is that?

Q A guy who calls himself Glenn Ford who met with Rob Owen and Nunez.

A Never heard the name before.

Q Do you know if Nunez was involved in any activities regarding the Honey and Avrigan lawsuit?

A Yes. He was one of the people named in the Miami Federal court case, and he was also involved in a very sensitive operation related to that, which not even counsel knew about.

Q Okay. My question then, and I will focus it very narrowly on Oliver North and Rob Owen, do you know whether Nunez had any contact regarding that lawsuit at the direction of Oliver North or Rob Owen, or somebody working for them?

A Yes, to this extent. Dagoberto Nunez obtained from some source copies of the Federal suit, the legal papers, and, if I'm not mistaken, I think he turned over a copy of his copy to Rob Owen. To the best of my knowledge, that is all I know.

Q And that is all you know about the contacts with Owen and North concerning that suit?

A Yes, that he, Dagoberto, kept Rob informed about what he had learned concerning these people, Honey and Avirgan. Now, where he got that information from, I don't know. I think it was from his Miami-Cuban contacts, but I don't know.

[redacted]

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[redacted] A couple of other questions.

Dutton. When did you first hear that name?

A Who?

Q Dutton. D-u-t-t-o-n.

A Except in the papers that I've read since I've been here in the States, I've never heard of that name.

Q Did you ever speak with a Robert Dutton?

A Not that I know of.

Q How about a Richard Gadd?

A No, sir.

Q How about a Max Gomez or a Felix Rodriguez?

A I was involved [redacted]

[redacted] That was the last time that I saw Felix Rodriguez-Max Gomez.

However, it occurred to me that, just several weeks ago, that at some point, in September, I had heard from Raphael Quintero that Max Gomez was really creating all kinds of problems for Quintero, and for the warehouse and the benefactors there [redacted] the crews and so forth. I don't know exactly what it all was, and Quintero gave me Max's phone number or Felix's phone number just before I went on a trip to the States, and when I was in Miami, I telephoned his home and I was going to tell him, look, don't be obstreperous. Be a nice guy.

You know, we go back a long ways, and so forth. But, after I got him on the phone, and I heard that voice again, that tough arrogance, I just said, No, look, I just wanted to give you my regards. You are -- you know, I appreciate everything you are doing. I was going to go much further than that. I didn't, and I hung up the phone. That's the only time I've talked to him since 1971.

Now, a lot of things have been said around and assumed around, but that's it.

Q There was a Chiefs of Station meeting [redacted] in the spring of '86 where the new head of LA, [redacted] was down to meet with you folks, wasn't there?

A Yes. However, let me back up for you to explain that meeting.

Q And this is the final topic I have. So, when we finish that, I think we can finish.

A In April 1986, [redacted] visited [redacted] station in a pre, when he was Division Chief-designate, in sort of a pre-takeover, get to know the Central American region. And, when he came in, when we met, and I must tell you that [redacted] and I have been close friends for a long time. We've worked together. In fact, he brought me in originally to the task force, when he was Chief, when he was [redacted] predecessor.

So he knew a lot of the players, and it was really sort of an update on what the political, military and the rest of the situation was. While he was there I told him about communicating with the private benefactors, and I had behind me on the floor behind my desk the KL 43 device in a black TRW bag. And I told him this was the device I'm using for secure communcations.

Q To whom did you tell him you were communicating?

A To North. I don't know if I mentioned Quintero, but I mentioned North.

Q Okay.

A And he said, have you informed the Ambassador? And I said, Yep, the Abmassador knows about all this. And he said, well, look, I don't know the points of law regarding this, but I'm going to go back home and I am going to check on it, and I will advise you. I said, fine, but as far as I am concerned, it's passing information for the purpose of secure delivery of the materiel, et cetera, et cetera.

And he said, okay, but I'm going to check on the law, and I'll get back to you. Thanks, [redacted] L That's that last part of the discussion.

A meeting was held in May 1986 [redacted] -- well, there were several meetings. But the one we are concerned with here is the meeting that took place with [redacted] myself, [redacted] C and L [redacted] and the subject immediately upon the door being closed was, look, [redacted] got a problem, and we've gotta fix it because the question of his communication for the passing of information of the thing is complicated, and it could present us with a problem.

That's the gist of it. But, he did say, [redacted] w has a problem and we need to fix it. And so it was our common problem. Okay, the solution we came up with was the following: in order to take me out of the loop, we would train a Nicaraguan Resistance Communicator, [redacted] give him communications equipment, and one-time pads, and send him [redacted] where he would be located and interface with the private benefactors, and when he received information from the private benefactors concerning a flight, he would encipher it, send it to the Resistance Communications Center [redacted] who would relay it inside to the commanders.

Likewise, information from the commanders concerning a drop zone, timing, et cetera, request needs, would be relayed through the communications center, which would encipher it and send it on the corresponding one-time pad to their man inside [redacted] It looked like an ideal situation.

Q It didn't work, though, and the reason it didn't work was they decided later on that they couldn't provide the support necessary to put the UNO South communicator in [redacted] isn't that right?

A No, not quite. We worked. We trained the man. We selected him. [redacted] We got him all set up to go [redacted] The private benefactors provided a paid ticket. The problem was, we couldn't get the man a visa in his Nicaraguan refugee document. I communicated with [redacted] asking him to go see [redacted] to see if [redacted] could go [redacted] get a visa for this guy to be able to go up there. [redacted] came back and said, no, we can't do it, [redacted] we asked him, can you fix it so that this communicator can get up there, or this individual can get up there? And he said, I don't think there is any problem. And he did it. [redacted]

Just at that point, with the visa fixed, the airline ticket in hand, the training completed, [redacted] ready to send them up there, we get a cable from Headquarters, dated July 12, which says, stand down on the whole operation. Shock of all shocks. I thought we had the problem and that we were going to take care of it. Now the stand down, and, you know, the text of the cable.

I go up to Headquarters after that on consultation, and I went in to see L [redacted] and he said, What happened? I said, what happened? He said, I called in. This is the aftermath. C [redacted] said he called in C [redacted] referring to the stand-down cable, and he said, I thought that we had to fix W [redacted] problem by getting a communicator up there. Why did we send out this cable? C [redacted] not realizing what cable he was talking about, tells L [redacted] oh, don't worry about it, that's all been taken care of -- meaning that, or thinking that, we were still talking about the visa problem.

So, L [redacted] the Division Chief, is left with the impression from C [redacted] that the cable he is referring to, the July 12 stand- down cable, has been taken care of. At the same time, C [redacted] is responding to L [redacted] by telling him that it's all been fixed concerning the visa.

All right. Now, let's just finish the story. The communicator didn't go because of the stand-down cable. C [redacted] knew that the communicator didn't go. Early September, North tells me, he said, we want to clear out the warehouse at [redacted] and send everything down in a big push to the people in the south. And he said, can you -- we don't have a communicator. Can you handle the coordination of the information, of the passage of information?

I said, sure, have him come down. And that's where the other six flights came in -- seventh, ninth, eleventh, fourteenth, eighteenth, and the twenty-third -- and every one of those flights, every one of those flights, either in operational traffic or as disseminated intelligence report, or both, were reported to Headquarters. [redacted] knew we didn't have a communicator up there. [redacted] knew we didn't have a communicator at [redacted] handling all this traffic.

My question is, in retrospect, who do they think was doing it? There was no fairy godmother up there handling a thing. I had done it earlier because I had told them. They knew I was handling. I had to be handling it now, because the communicator had not gone [redacted]

Q But my point to you is that you also knew that you weren't supposed to be passing those communications on.

A Why not?

Q Weren't you told that in May?

A I was told in May that there was a problem and that they needed to fix it, but then they stood down on the solution that I offered to them about sending the communicator up there. So, we were back to square one. I was still passing the traffic.

Q So, you assumed that even though there was a problem, since the solution had been not implemented, that you should continue?

A But, of course. All right, let's say that was the case with the first flight, or even the second flight, or even the third flight. Did anyone come down and tell me, hey, w [redacted] stop, you know, don't do that. Stop. Nobody said it. Flight after flight after flight went in, and the reports and the traffic out [redacted] back to Headquarters informing them of it. You know, it's very easy to Monday-morning quarterback on these things. But, when you take a look at the facts, [redacted] C [redacted] tells the world, I didn't know anything about it. Por favor.

Q The last thing I have, let me read you some names of Cuban-Americans. There are five of them. One of them is Dagoberto Nunez. The other four are: Claudio Picasso, Rene Corvo, Petro Hernandez--

A Wait a minute, Claudio Picasso is not a Cuban American. Claudio Picasso is an Italian-Nicaraguan.

[Laughter]

Q Okay.

[redacted]

Q Let me just finish this list. The last person I have is, Felipe Vidal Santiago. Were any of these five people involved in any way with the private benefactor operation?

A No. [redacted]

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[redacted]

MR. BARBADORO: I don't have anything else. It's been a long day. But, that's all I have.

MR. WILSON: I would like to ask one clarifying question, if I could.

EXAMINATION ON BEHALF OF THE WITNESS

BY MR. WILSON:

Q On this business about W [redacted] got a problem, Did you ever discuss with T [redacted] the nature of the problem as he perceived it? Was it a legal problem or a political problem. What kind of problem was it?

A Are you asking me the question?

Q Yes.

A I think it was probably a political problem because everybody is pretty clear about the whole question of passing information. I did not really have a problem in the South in terms of the straightforwardness of it. I think, for example, the FDN and [redacted] must have had a daily -- I can't see how they operated without a lawyer, because they were much more involved in military.

I mean, the FDN was much more involved in military matters, and it had to slop over into [redacted] concerns. So, I think that really in my case it was a political problem. We were dealing with the passage of information. Yet, what happens if the Congress finds out and wants to make an issue of this. I think that's what we were all trying to avoid -- the inference or the implication, the insinuation of a violation of the Boland Amendment.

Clearly, that was the case with the July 12th cable, and it said so. That we're very close to the vote. We're about to get it. We don't want to do anything to endanger it. I mean, it was a Johnny Two-Step that just said, look, guys, back off on facilitating the communicator up there.

MR. BARBADORO: Okay, the House people wanted me to let you know that there is a possibility that they may want to do a similar deposition. Of course, they would have hours available to them, and it would be much, much shorter.

MR. WISE: Yes, in fact we will be in contact with you regarding a communication of the immunity order by the quorum on our Committee.

MR. BARBADORO: Thank you very much.

(Whereupon, at 4:39 p.m., the taking of the instant deposition ceased.)

____

Signature of the Witness

Subscribed and sworn to before me this ________ day of

____________________________, 1987.

____

Notary Public

My Commission Expires: ______________________________

CERTIFICATE OF NOTARY PUBLIC

I, ANNE PELLECCHIA HOROWITZ, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony was taken by me by Stenomask and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and further, that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Notary Public in and for the
State of Maryland.

My Commission expires ____________.

UNCLASSIFIED
TOP SECRET

HSI TS-35/87

w

DEPOSITION OF [redacted] (Tomas Castillo)

Monday, May 4, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

4150

The Committee met, pursuant to call, at 11:00 a.m., in Room 2203, Rayburn House Office Building, with W. Neil Eggleston (Deputy Chief Counsel of House Select Committee) presiding.

Present: W. Neil Eggleston, Deputy Chief Counsel; Tina Westby and Richard H. Giza, Permanent Select Committee on Intelligence; Richard L. Leon, Deputy Chief Minority Counsel and Thomas E. Wilson and Mary Beth Sullivan, on behalf of w [redacted]

Partially Declassified/Released on 5 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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UNCLASSIFIED
TOP SECRET

Q Were you aware that Robert Owen was carrying munitions lists from the contra leaders to Colonel North?

A No, sir.

Q Did you know whether he was making payments to the contra leaders of funds he received from Colonel North?

A No, sir. I had heard rumors to that effect, as everybody heard rumors and, in fact, he was in the press that Robert Owen was some sort -- he never said that to me, I never questioned him on it. I just didn't.

Q The rumors were that he was a bag man for Colonel North?

A That he was a bag man for the contra leaders, that he was bringing money to them.

Q Now, I am not asking you what you knew. I am asking you what the press and the rumors were that you were aware of at the time. Were those rumors reporting that he was carrying money on Colonel North's behalf?

A Frankly, I didn't put much stock into this whole thing because I didn't think they were true. I thought that it just seemed to be a conclusion that somebody had drawn by the mere fact that he was always around and always there and always lent him a sympathetic ear. I don't personally know of any occasion when he brought money to them

Whereupon,

W

[redacted]

having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

EXAMINATION

BY MR. EGGLESTON:

W

Q [redacted] my name is Neil Eggleston. I am Deputy Chief Counsel of the House Select Committee to Investigate Covert Arms Transactions with Iran. Also present are Congressman Brooks and Congressman Fields, both members of that committee, and Mr. Giza and Tina Westby are also present and your two counsel.

This deposition is being conducted pursuant to rules and a resolution which was passed establishing the committee and permitting the committee to conduct depositions in furtherance of its investigation. I have previously provided your counsel with copies of the resolution and of the rules. If I haven't or if you would like to see them, I have brought them with me today.

MR. WILSON: We do not have a copy of those. We got them from the Senate.

MS. SULLIVAN: We do have them.

MR. EGGLESTON: If you didn't, I have brought copies with me in case there is any confusion.

BY MR. EGGLESTON:

Q W [redacted] do you know a person by the name of Colonel Oliver North?

A I respectfully decline to answer on the grounds that it would be inconsistent with my Fifth Amendment privilege.

Q I take it that if I asked you additional questions about your involvement with Colonel North or other activities you will similarly refuse to respond; is that correct?

A That is correct.

Q W [redacted] let me advise you that on March 30, 1987 Judge Aubrey Robinson, a United States District judge in the District of Columbia,signed an order which provided that you were immunized from the use of your testimony or information derived from your testimony. I have presently provided a copy of this to your counsel. Have you seen this?

A Yes.

Q I ask that this be made part of the record.

(Whereupon, the document referred to was made a part of the record.)

BY MR. EGGLESTON:

Q Mr. Brooks and Mr. Broomfield, let me show you a copy of it and we will ask you now to direct W [redacted] to respond to any questions that may be posed to him since this order does grant him immunity from use of his statements. He is directed to respond.

MR. BROOKS: He is, yes.

BY MR. EGGLESTON:

Q [redacted] let me tell you what I hope to do in this deposition.

You have previously given a deposition to the Senate at which a representative of the House was present, although he was not asking questions because at that time the immunity order had not yet been conveyed upon you. I have not yet had that transcript made available to us.

I would like to ask you general questions about your background and then instead of conducting a complete deposition, there are various areas that I want to question you about that in my understanding from the Senate may or may not have been covered but I would like to cover them in a little more detail.

Let me ask about your background. When did you begin with the CIA?

A [redacted]

Q What was your first assignment?

A After training, my first assignment was a temporary duty [redacted] for a few months. And my first permanent assignment was [redacted]

Q You are a little later coming to the CIA than most of the people with the CIA that I have had occasion to talk to now. What did you do before you began with the Agency?

A I was a police officer for eight years, [redacted]

I started as a patrolman and left as a detective sergeant.

Q If you could just complete the various assignments you had at the Agency up until the time that you were appointed Chif of Station [redacted].

A [redacted] Central American Task Force, late 1982 until July 1984, Chief of [redacted] Branch, [redacted] July 1984 until present, Chief of Station, [redacted]

Q Are you still as of today with the Central

Intelligence Agency?

A Yes, sir.

Q Is your retirement scheduled?

A I have no intention to retire.

Q You have no intention to retire?

A That is right. [redacted] I am on administrative leave at present.

Q Let me just ask you -- as I say, I am not going to -- I know that the Senate spent almost an entire day with you. I don't intend to spend that long and want to ask you some questions about particular areas. They are not necessarily going to come in chronological order and Mr. Giza and Ms. West might have questions as well.

When did you first get one of the encryption devices?

A Spring, I think -- I think -- Spring of 1986.

Q In April of 1986, as I understand it from reading the various files that, as you well know, have now been created on you, there were the first of the four shipments where you cabled for vector information and you got the responses; is that correct? Is the first one of those in April of 1986?

A There was a flight in April 1986, only one. You mentioned four.

Q I am sorry. I meant the first of four, the first one being in April. I didn't know that there were four in April.

A As I recall, there were nine altogether, and I have them categorized in my mind as the first one being the Bell 100 flight, which I believe was in April of 1986. That is when the delivery was actually made.

However, prior to that there were attempts which were aborted for reasons of mechanical failure or whatever. After that April flight there were, I believe, two, and then there was the final group of six in September.

Q As of -- I guess the question I was sort of leading towas as of the time of the first flight in April that actually went through, did you have the encryption device by that time, if you know?

A Yes, I think I had it by the time that first flight came in.

Q Who gave you the encryption device?

MR. WILSON: May I clarify for the record that the encryption device is a KL-43?

MR. EGGLESTON: That is correct.

BY MR. EGGLESTON:

Q That is correct. To the best of my recollection, it was Rafael Quintero, a private American citizen.

Q It is also my understanding that on these KL-43s that it is sort of a physical device but in addition to the physical device, there has to be a key, the encryption code that goes with it [redacted]

A I called it a cassette because [redacted] and it was obviously a U.S. Government-produced tape.

Q My question is did you receive more than one of those over the period of time --

A I received [redacted]

Q How did you get each of those?

A Mr. Quintero delivered them to me.

Q You think you got them from Mr. Quintero each time?

A Yes, I don't think North ever gave me one. I know that Quintero did.

Q You kept the device through September?

A I kept the device from the time I received it [redacted] with me until December 1986. Of course, I didn't use it after early October. And in December I brought it to Miami, put it in a box, unlabelled, sealed box, and left it at my mother's home in Miami.

I subsequently turned it over or she on my instructions turned it over to an Agency officer [redacted] who returned it to Headquarters.

I would hope that my mother would not be involved in this matter.

Q It sounds as if your mother received a sealed box --

A That is correct. Unlabelled, sealed box.

Q Which she turned over to an agency official.

Other than Rafael Quintero, Colonel North and Mr. Copp -- why don't I ask it this way. Who did you communicate with --

A Only Colonel North and Mr. Quintero.

Q You never communicated with Mr. Copp?

A I did not.

Q Let me go through the other people.

A Let's clarify -- I did not know who Mr. Copp was until I was told by the Tower Commission investigators that that was a pseudonym used by Mr. Secord -- or General Secord. I never communicated with him via this machine and

I only saw him one time. which I have, of course, explained to the committees.

Q Were you aware that there was a Mr. Copp who was involved with Mr. North in the re-supply operations?

A It is difficult to say because at times North would say names and -- because they didn't mean anything to me, I didn't pay attention to it, never registered with me.

Q So what you are telling me is that he may have mentioned a Mr. Copp or he may not have, and you don't really recall?

A There were other names that he mentioned that I simply do not recall. I am consciously trying to avoid recalling, even letting it register with me.

Q Did you know a man by the name of Robert Dutton?

A No.

Q Robert MacAlister?

A No.

Q Let me go through the list.

Richard Gadd?

A No. Now, that is a name that I had heard North use, but I did not know who he was and I have never met him.

Q Did you know Robert Owen?

A Yes.

Q How did you first meet Robert Owen?

A Ambassador Tambs introduced him to me in his office.

Q Do you recall when that was?

A I pondered that question, and the best I can come up with is some time in August or September of 1985. It was after Tambs arrived at post and that was July and we had heard about this Robert Owen, [redacted] and I had heard his name being mentioned by Nicaraguan resistance personnel, but we had never met the guy.

Q So you think the first time you met him was in a meeting --

A I remember the occasion when Ambassador Tambs called me into his office and said there is somebody here I want you to meet.

Q What did Ambassador Tambs tell you about Robert Owen?

A To the best of my recollection, and I am not sure it is accurate, that he was someone who worked with Colonel North.

Q Did you understand that to mean that he was a Government employee?

A Oh, no, it was quite clear to me that he had no Government connection and I never asked him nor do I know to this day who he actually worked for. I have heard reports that he works for some public relations firm but I never asked and he did not tell me. When he eventually became associated with the Nicaraguan Humanitarian Assistance

Office of the Department of State then, of course, I knew who he worked for.

I was very careful in dealing with Mr. Owen because he was an American citizen. I can't task him under agency regulations to find out something, even though my officers and I were well aware that Robert Owen probably had the most extensive network of contacts among the resistance leaders, including people with whom we did not want to have contact with, and who, however, were involved with the Nicaraguan resistance.

To explain that, there were, for example, [redacted] [redacted] mercenaries, people like this, that were accepted by the Nicaraguan resistance as compatriots in their struggle. However, we were very leery of these people.

However, Robert Owen had an entré to them and so from time to time when he came to town I would meet with him for breakfast or a cup of coffee and he would voluntarily give me sort of a round-up of what he knew about what was going on, which I accepted as any American citizen who wishes to volunteer information to its Government. Later on when he did become involved with the Nicaraguan Humanitarian Assistance, I did ask him, because then he was a Government employee, I did ask him to find out things about what was happening with that group or another group, but that was the extent of it.

Q Did you know the date of his relationship with Colonel North?

A I assumed he was a leg man for him and went out to find out on behalf of Colonel North or people that Colonel North had contact with what was going on [redacted] [redacted] among the various political and resistance groups.

He didn't deal too much with the political area, but since there was overlap, he occasionally came up with tidbits that were interesting.

As I say, he was very well informed.

Q Do you know how he developed these contacts?

A I assume he did it through one principal contact he had, John Hull.

Q You knew him to be a close associate of Hull's?

A Yes. Someone told me at one time Hull considered him sort of his adopted son.

[redacted]

and whatever the press reports were, I simply don't -- I can't recollect.

Q You never asked Owen whether he was carrying money?

A No, sir.

Q Did you ask Colonel North whether Owen was carrying money to Colonel North?

A No, sir.

Q I know that everyone has asked you lots of questions about the airstrip. I have read your Tower Commission testimony about the airstrip and I am not going to soup to nuts the airstrip and I am sure that the Senate asked you lots of questions about the airstrip but I don't have the transcript available.

When did you first become knowledgeable that there was an effort to build the airstrip?

A As I explained, I think more amply to the Senate than to the Tower Commission, the idea of an airstrip was really an idea, a concept, that grew out of a problem that the United States mission and most specifically myself, and to just a slightly lesser extent, the Ambassador, were experiencing [redacted]

[redacted]

Well, as you know, our influence diminished after the Boland Amendment was enacted and whatever leverage we may have had on them before, which was minimal, believe me, was close to non-existent at the time so it was a problem for us having to deal with [redacted] and the fact that we were at the same time attempting to keep this force viable until the Congress could reconsider the question of support to the military side of this.

At the same time, I had the responsibility of trying to bring about some sort of a coalition -- probably a better word is aggregation of the political groups -- well, since the political groups were closely tied to the military groups and that these were their brothers in arms, it became a complex problem or it was a complex problem.

So in looking for a solution [redacted] the obvious solution is get them back inside Nicaragua to fight.

How can this be done without some means of eventually supporting them? Well, in looking again in conceptual terms, down the road to when there would be a re-institution of military assistance, it became apparent that the only way that these people could be supported was through some site [redacted] which -- where there could be for re-fueling or re-supply that the aircraft could land and re-supply the southern Nicaraguan forces.

All of this was discussed almost on a very frequent basis with the Ambassador because of his high degree of interest in the whole matter of southern forces.

So in either -- I think it was August -- August or September, maybe late August or early September, but in there -- Ambassador Tambs [redacted] and the issue of or the concept of an airstrip was raised then.

[redacted]

Shortly after [redacted] Owen visited the Ambassador and the Ambassador suggested that Owen go up to the site -- to the site [redacted] selected [redacted] [redacted] Owen, that he should go up. [redacted] [redacted] I accompanied Owen and we went up to the site with [redacted] [redacted] and walked the site and Owen took pictures of it and, as I understand, he later delivered those to Colonel North.

That is where the idea of an airstrip started and why. Subsequently, Mr. Quintero came down to handle the details. He followed a person by the name of Robert Olmstead, who actually contracted with the owner of the property, who was an American citizen also,by the name of Hamilton -- but all of that I stayed on the periphery. I knew about the negotiations. I was kept informed of them

[redacted]

Q So [redacted] was the one who primarily kept you apprised of the negotiations?

A No, [redacted]

Q Let me go back to the first sort of step that you told us about. You had indicated that there was some notion that this airstrip might be a place that would be used once, assuming Congress reversed its position and once official U.S. military support became permissible, again?

A Yes, let me -- my feeling about it was that these people were doing this thing and I thought that was primarily their business. I didn't advise them on how they should proceed other than that I wanted the thing to be kept absolutely discrete and quiet. I didn't want, and in fact, I insisted [redacted] that no Nicaraguan should ever know about the existence of this airstrip. My reason for that was I eventually envisioned that the agency would take over this operation and that it would be run as a paramilitary air operation site once there was the re-institution of the funding.

I never really thought that these people could do anything more than -- the private people could do anything more than to really build it. If that is what they wanted to do, fine, but for operational reasons I could see that this could only be carried out by our own people with the necessary expertise.

Q Your supervisor, I take it, generally at the agency during this period of time was [redacted]? C

A During this period, yes.

Q He, as I understand it, was Chief of the Central American Task Force from October 1984 -- He and Boland come in at the same time; is that your recollection?

A Could you ask me the question again?

Q It was a wandering question, not very well framed.

C Is it your recollection that [redacted] began as Chief of the central American Task Force right around the time, the Boland Amendment became effective, early October of 1984?

A No. I think it was later than that. I think -- no, in fact, I am certain it was later than that. [redacted] C took over the task force in the spring of 1985. I am positive.

Q Why are you positive?

A Because I know who was the Chief of the Task Force in October of 1984.

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Q And who was it?

A [redacted] and he stayed all through that winter and then the first time I met C [redacted] was when he made a trip [redacted] in the Spring of 1985.

Q But at least by August of 1985 -- let me just tell you, C [redacted] has told me that he started in October of 1984, that [redacted] -- can we go off the record?

(Discussion off the record.)

MR. EGGLESTON: Back on the record.

BY MR. EGGLESTON:

Q In any event, it is your recollection that C [redacted] does not begin as Chief of the Central American Task Force until the Spring of 1985 and that [redacted] remained in the position throughout the Fall of 1984 --

A That is my impression. Certainly in the fall of 1984, and I would -- I am pretty sure it was into the winter of 1984-85, and that C [redacted] took over some time around March or April of 1985, and that there was an interim chief or maybe there was just an acting chief during that period.

Q Okay. But in any event, at least by August of 1985, C [redacted] is Chief of the Central American Task Force?

A Oh, yes.

Q Had you had discussions with C [redacted] about the need

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to create an airstrip if the agency got back in military re-supply prior to August of 1985?

A Prior to, no, because this all came about due to the increase in difficulty that we were having with the Nicaraguan resistance people [redacted] It had been over a year that we hadn't been able to give them any support except moral support, and things really reached a very bad point, with lots of incidents such as the ones I described earlier, and so the coincidence of Ambassador Tambs' heightened interest, [redacted] the locating of an airstrip in Costa Rica sort of brought together the opportunity [redacted] if you are going to get the contras back inside they have to be re-supplied and they won't go back inside unless they have re-supply, yet they can't be re-supplied unless there is a site where they could be, even though it is another place and the aircraft could be re-fueled there.

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So it wasn't a subject of conversation with [redacted] at that time or even --

Q That was the next question. When is the first time that you think that you had a discussion with

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[redacted] face-to-face, I am not talking about cable traffic, but face-to-face about the airstrip?

[redacted]

[redacted] I sent a cable to headquarters and it was read by C [redacted]. In our parlance we talk to our headquarters counterparts or supervisors by cable, in those terms. So that would have been the first time.

Q And you think that was immediately after --

A Yes. I don't recall the date of that cable, but I would say certainly within a week to ten days after the Ambassador reported back to me. I had completely forgotten I had written that cable until the Senate counsel showed it to me, which, in fact, was a very fortuitous aspect.

Q And then you received a cable back; is that right?

A Well, as I said, I didn't remember even sending it so I don't really remember getting an answer, no.

Q Let me get to the answer to my question. Do you recall a time when you discussed personally with [redacted] C the airstrip?

A Yes. Some time, much later on, a visit that I made to headquarters, but I don't remember whether -- but I did discuss it with him.

Q Was that still in 1985?

A Oh, yes. It would have to be. The fall of 1985, some time in the fall or early winter of 1985. The reason I say that is because the airstrip was a fits and starts thing, and it was some time after construction had been started, and it was some time after I had talked to

Assistant Secretary Elliott Abrams about it, or rather, that Assistant Secretary Elliott Abrams raised it with me.

Q Right. I am not going to ask you about that because you testified that at least in the Tower Commission and I assume before the Senate.

A Yes.

Q That is one of those areas there is no point in me covering --

A Except that it allows me to answer the question with this comment. I took it for granted then that since the RIG was apparently aware of it, then obviously C [redacted] had to be aware of it. In fact, I asked, if I am not mistaken, I asked Assistant Secretary Abrams if C [redacted] was aware of it and he answerd in the affirmative, yes, that is correct.

Q And that occurred during the conversation that you had with Abrams and the two case officers --

A [redacted] that is correct.

Q Was there other cable traffic in the fall of 1985 with regard to the airstrip?

A I don't think so. Because, as I said, I took this as being extraneous to my situation [redacted] It didn't involve me personally. It didn't involve my funds. It was being undertaken by these people.

[redacted] kept the Ambassador informed.

[redacted] There was one other aspect that in February of 1986 I was present at a meeting among the Ambassador, General Galvin, Colonel North in which Colonel North briefed General Galvin, updated General Galvin on the airstrip and the existence of the airstrip.

Q Where was that?

A Aboard the aircraft [redacted]

Q What did he tell him?

A Things were proceeding, construction is a little behind schedule, but it was fit into a general update of the overall political military situation, [redacted] and other parts that had to do with non-private benefactor matters.

Q Did --

A Excuse me. Let me, again, to make sure that you understand me and these sort of disjointed comments, I understood that this was an officially acceptable activity. I mean, when you hear Assistant Secretary Abrams saying he knows all about it and that he is aware of it by virtue of his meetings with the other two members of the RIG, and General Galvin was being informed of it in a sort of a matter of fact way and I had ~~avised~~ advised the Ambassador and he was interested in it [redacted] while the actual physical construction of the place was being carried out by American private citizens, as Counsel L~~y~~iman mentioned, I guess I was the only one who thought it was a big secret. It was a secret that everybody knew about.

Q I am going to introduce a series of questions by commenting that there was a story in yesterday's New York Times reporting statements that Mr. Tambs had made. [redacted]

A Yes. [redacted] have it here.

Q In the story, Mr. Tambs refers to essentially taking his orders from what he considered to be the RIG.

MR. WILSON: For the record, we are referring to the story starting on page 1 of the New York Times dated Sunday, May 3, 1987.

BY MR. EGGLESTON:

Q That is correct. The far right hand column is the story. What was it your understanding that the RIG was and what its function was?

The RIG stands for Restricted Interagency Group and the members from NSC were Colonel North, from the CIA, C [redacted] from the State Department, Eliott Abrams; is that correct?

A That is correct.

Q What was your understanding was the function of the RIG?

A It was a policy coordination body that brought together and discussed and made decisions on interests regarding the Central American military/political situation, and that this was the main policy spokesman for the U.S. Government.

Q But I take it it was clear to you that the RIG was a policy body and that you were -- you were a CIA employee and your supervisor was C [redacted] and people above him in the CIA?

A That is correct.

Q You didn't take orders, I would assume, from Elliott Abrams?

A No. The Ambassador did.

Q The Ambassador did -- you would take orders from C [redacted] --

A That is correct.

Q And Ollie North took orders from whomever?

A I did not take orders from Ollie North.

Q You didn't take orders from Ollie North?

A Absolutely not. Ollie North and I were professional colleagues first, friends second, very close one to the other in terms of where -- because our professional relationship certainly was also based upon the fact that we were very friendly to each other. But I ~~ever~~ never took any orders from Ollie North.

I kept him informed when he asked questions about difficult political situations going on in the south.

Q And I take it at least to the best of your knowledge, Ambassador Tambs did not take orders from Ollie North?

A That is my understanding. He did not take orders from Ollie North.

Q And similarly the RIG as an organization did not issue orders. Orders implementing RIG decisions would have come to you from C [redacted]?

A That is correct.

Q They would not have come to you from an organization called the RIG.

A They would not have come to me either from Assistant Secretary Abrams. Now, on occasion, and there were several occasions when Assistant Secretary Abrams or the Central American unit at State would send orders to their people, the Ambassador and the DCM, [redacted]

When he heard [redacted] State telling the Deputy Chief of Mission to do a certain thing, [redacted] has any problem with it let him cable up to CIA headquarters and then they would -- we will discuss it up here, which was a very convoluted way of doing business, obviously.

If State did do anything -- when State attempted to become involved [redacted] I immediately informed headquarters and that was [redacted] problem then to resolve it with Elliott Abrams.

Q And although that might have been cumbersome, it was up to them to fight those fights, not up to you?

A Certainly. But getting back to this, I am going to anticipate your question --

Q Go ahead.

A I think that it was the Ambassador's perception -- I don't think there was any -- that he received instructions, I think he simply in his enthusiasm and his diligence to be as forthcoming as he possibly could, may have perceived this to be their desires rather than their instructions.

Q That was what I anticipated hearing, actually, because -- let me get back to the airstrip and just a few more questions about the airstrip. Had you met Rafael Quintero prior to August of 1985 -- let me ask it this way -- prior to the time that he becomes involved with the airstrip?

A No. I had never met him.

Q How did you establish his bona fides. How did you know who he was?

A North told me he was coming [redacted] and he said he was a person that he trusted completely, and that was enough for me, to hear it from Ollie North.

Q Did you want to make a comment about another part of the story?

A Only that he refers to the strip in here where it is a total inaccuracy. I am referring to a paragraph contained in the New York Times article which appears in the continuing portion on page 14 of the same edition in which it says -- in which Mr. Tambs allegedly said that when he arrived in Costa Rica in July 1985, Mr. Abrams and other officers of the Restricted Interagency Group asked him to persuade the Government to allow contra supply pilots to use a secret 1.2 mile long airstrip that Colonel North's operatives had built just south of the Nicaraguan border.

The 1.2 mile airstrip did not exist in July of 1985, in 1985. It really didn't start to be constructed until late November, early December of 1985. Construction was stopped in March of 1986. It was never completed. The grading -- the leveling had been done but the grading had not been.

It was not possible to land an airplane at this strip with any degree of safety as we found out when Quintero reported that in June of 1986 an emergency landing had to be made there and that the plane got stuck in the mud, because there was virtually no drainage, none of that work had been completed.

So I don't understand if Tambs is quoted correctly how he could have said this.

Q Because, if anything, was clear it is that in July of 1985 there was no airstrip?

A There was no airstrip and I can't even conceive of anybody in the RIG asking him to persuade the Government to allow contra supply pilots to land there. It was still a concept, it was an idea which came about as a result of all these problems we were having with the resistance people [redacted] and that was some time after July, August or so when it really reached a heightened point.

And so if this tracks with the rest of what Tambs is saying here, he is obviously under a misimpression or he is not being quoted correctly. But I want to clarify that because it gives the impression -- he gives the impression that there was some sort of -- that he was instructed to go through with some sort of an arrangement.

Well, that is not so.

Q Let me ask you this -- I understand from reading your Tower testimony that it was your estimate, if I have got the right person's testimony, that the amount of money put into the construction of the air field was about a quarter of a million dollars.

A That is what Quintero told me.

Q And that an additional $50,000 had to do with the purchase of the --

A I don't know what the arrangement was. I suppose only Colonel North or Mr. Olmstead can answer that. It was either a purchase arrangement with some sort of a balloon note at the end of a year or two year period, or it was a lease purchase arrangement. I know that I heard the figure $50,000 a year is what the lease for a year was going to cost, the lease or the purchase or whatever that agreement was, the occupancy of that property for a year was $50,000.

Quintero told me, and of course he could have exaggezated or it could have been a guess on his part, that the cost of leveling that site and the little bit of construction that they did on sort of a shack there, which was never finished either, was $250,000, which I felt was exorbitant.

Admittedly this place was very isolated, it was at least 20 miles to the nearest road of any kind, and the graders and the tractor -- the bull dozer had to be brought in through these canyons and I guess the cost of these things is somewhere around three or $400 a day, but it still seemed to me that $250,000 was a lot of money.

But I had nothing to say about it. It was there --

Q That is what I wanted to ask you. This was a substantial investment into a capital asset for the contras at a time when they didn't have a whole lot of money. Where did you understand --

A Oh, I don't know that. I never knew anything about the money. I didn't know if they had millions or billions.

Q Did you have any understanding about where the money was coming from to pay the lease and to construct the air field?

A No.

Q None?

A None. The first time I heard about that there was even an event it was much later, when the name Udall Corporation came up.

Q By "much later", not to rush ahead --

A March of 1986.

Q And how did it come up in March of 1986?

A During a meeting between [redacted] General Secord and Mr. Quintero here in Washington.

Q And this was around the time of the photo session?

A The afternoon of the photo session.

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Q Did [redacted] meet [redacted]?

A Oh, yes, and me.

Q My next question --

A Our wives -- it was social.

Q But did they have a non-social -- did they have a business meeting?

A No.

Q Was there any discussion of the air field between the two of them?

A No.

Q When the name Udall came up in the course of the meeting which occurred among Secord, yourself and [redacted] was there anyone else at that meeting?

A No. I went along [redacted] and when he sat down he started to -- he took charge of the meeting.

Q We are talking about [redacted]?

A You are right, yes. Quintero, Secord, [redacted] myself were in the room at that time.

Q Right.

A [redacted] he sat down and he told General Secord, this is what I want from you for the purpose of protecting the point west site, the air strip. And he went through and he said that the civil guard would have access to the property, that it would be used as a training site, so forth and so on, and that is when I heard the name Udall Corporation. He wanted a letter from Secord to that effect.

Q Was the letter coming from Udall Corporation?

A I don't recall that being discussed. It was just that to [redacted] this person Secord was going to get a letter from whoever it was that had control of that property and that is when I first heard the name Udall Corporation or Udall Research Corporation.

Q As being --

A As being the people who had title to this property.

Q As of this time, meaning March of 1986, during the meeting, who did you understand Secord to be? What role did you understand him to have?

A That he was -- first of all, I knew he was a general. That he was somehow responsible for the private benefactors' activities.

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Q I asked you who you understood Secord was --

A A general, that he was sort of responsible for the private benefactors' activities.

Q Did you know that he was involved with Colonel North?

A Oh, yes, because Colonel North told [redacted] that morning that he wanted him to meet with General Secord that afternoon. [redacted] and then sort of to our surprise, Quintero was there. I didn't even know that he was in town.

Q When you said you knew General Secord was involved with the private benefactors, did you think that was in connection with supply of the contras?

A It seems to me that that was the first time that I was sure that General Secord was involved. North may have mentioned it to me before, but I have no recollection of it. That was the day that I knew definitely that he was involved, but before that, he may have mentioned it, but I have no recollection.

Q But at least, though, by this time you didn't know he was Copp?

A No, I didn't know it until the ~~[illegible]~~ TOWER Commission guy told me.

Q That was Brian Bruhn?

A Brian Bruh, right.

C Q Did you ever have any conversations with [redacted] about the suitability of this location for the air strip?

A Yes, some time. Again, I can't tell you when. It was at headquarters. I was up on a visit, and we talked about it. It was certainly before this March when [redacted] met Secord, but I don't remember when. It could have been anywhere from when they first got the control of the property of the site from the private owner up until March, so that would have been some time November, December, up until March.

But, yes, I had talked to him about it.

Q What do you recall him saying about the suitability of that location?

A That there was a site, that it would have been used for refueling, and I think we both agreed that we couldn't wait for the reinstitution of the funding, so we could take control of it to be able to re-supply the people in the south.

Q Do you recall him indicating to you that he thought it was a terrible place to pick for the air strip?

A I don't know if he knew it or not or if he saw the photographs that North had. I thought it was suitable because it was isolated and not easily discovered. The downside was it was 16 miles in the Nicaraguan border.

Q Right, which --

A But you know, you got to take the good with the bad. In Costa Rica, which is a very fertile, populated country, you have very few places where you have that kind of isolation, and we didn't have anything to say about the site being picked. [redacted] we were left with whatever we had to work with.

Q You had indicated that in the fall of 1985 that during a trip that you had to Washington you had spoken to C [redacted] about the strip?

A Fall or that period of November -- mid November to mid February, let's put it that way. Some time in that period.

Q Is that conversation the conversation that you just related to me where you talked about the suitability of the site -- is that the same conversation or is it two conversations?

A Yes. I can't recall that we actually talked about suitability. I just don't remember him saying anything bad about it. I am left with the impression that, yes, we will as soon as the Congress votes the money, we will get into business, get on an air operations activity. But there was only one conversation with him at headquarters about it that I recall.

Q And it was some time, November to February?

A Some time in that 3 to 4-month period.

Q And just sort of the last thing, this photo opportunity with the President [redacted] which I think in other testimony you indicated took place around the 19th of March --

A I think it was St. Joseph's Day.

Q Was there any discussion that you recall in front of C [redacted] about the air strip?

A I beg your pardon?

Q You had indicated that C [redacted] present with [redacted] yourselves and your wives and it was a social occasion. Do you recall any discussion about it then?

A No. During that visit the times that I recall [redacted] was present with C [redacted] and me was immediately after we came out of the oval office. C [redacted] was in the secretarial office where the secretaries are for Admiral Poindexter, [redacted] had brought up some picture books [redacted] and he inscribed them and gave one to C [redacted], one to North and he had two others; one, of course, that he had presented to the President, and one for Poindexter.

And, we chatted there for 5, 10 minutes, but there was nothing during that conversation about the air strip. Subsequent to that, we had dinner in Georgetown with our wives and I don't recall that he said anything at all about that. Most of the conversation would have dealt with [redacted] situation, the political situation, not the air strip [redacted]

I am reminded about the Poindexter meeting. Again not a single word during the meeting in which North, Poindexter and I were present [redacted] was there any reference at all to the air strip. [redacted]

Q You had indicated earlier that in June of 1986, in or around June of 1986 there came a time when the plane had to make an emergency landing, and it became stuck in the mud.

Did you have any role in that incident? Obviously not the incident of getting it stuck, but in getting it out?

A Yes.

Q What did you do?

A Well, the first thing, Quintero came into town, and met with him in his hotel room, and he said, "I have been told that I shouldn't tell you this, but I am going to tell you this. A plane that was to make a delivery had problems and had to make an emergency landing, and then landed at the air strip, and I think that was probably the worst moment that I experienced in two and a half years [redacted] because we had just completed assuring the President of Costa Rica that the air strip was not being used; that it was never going to be used; that we were going to close it down and it became a park or whatever."

Q This was a new President?

A Yes, the new president, Arias, [redacted] Here Quintero says the plane is there and it is stuck in the mud. I got back to the ambassador immediately, and told him what was told to me, and he reacted the same way I did, and either he or I put in a secure telephone call to North and explained what had happened, and said, "Look, do whatever has to be done, but get this damned plane out of here."

Q Who said "do whatever has to be done, just get this plane out of here?"

A Either the ambassador or I, but that was our position, get the plane out of here. Do whatever has to be done. He said he would take care of it. He was supposed to leave the next morning on a trip to Washington for consultation and delayed my departure until about 11 o'clock in the morning-- no I left the office about

11 o'clock in the morning. I actually left town about 1 o'clock in the afternoon, and I arrived in Washington about 11 o'clock that night, Baltimore to Washington, and I found out that night or early the next morning. I can't recall. I know I made some phone calls to find out what happened to the aircraft, because they had promised, they had promised that it would be gotten out of there as soon as possible. They would bring other aircraft in with a starter motor and --

Q Who had promised?

A Quintero had promised that he would do whatever needed to be done, and we had obviously made the phone call back to North from the office. Well, it wasn't out of there for another day or so. Fortunately, it got out of there and [redacted] never found out about it until, of course, the TOWER Commission report.

As I understand it, they had to bring in one or two other aircraft, this is from Quintero, to unload the first one to lighten the load. Then they had to pull it out and once they pulled it out, they had to bring in another plane because they couldn't crank the engines. As I have described it to others, it was a Larry, Mo and Curly operation and very typical of the way I thought they ran both the air deliveries and their business.

Q What was on the plane when it got stuck in the mud?

A I assume lethal equipment. I guess it was lethal equipment, because they didn't carry anything else.

Q That crew didn't?

A That is right.

Q And why did you call North?

A You want to get something done, you call North. Something like that, absolutely. There was no question in my mind that North had control or influence on and had responsibility for this stuff. No question in my mind at all. Not that he ever told me that I am -- no.

In the evolution of things, if that was a problem, that was the only person I would call.

Q Because you knew --

A It was his problem.

Q Okay. Did North tell you what he was going to do to get it out of the mud?

A No. He just said I will do what has to be done. I will take care of it. I will see what has to be done.

Q Was there anyone else in the Government that you regarded as like North in having control or having responsibility for the lethal operation going out of [redacted]

A No.

Q No?

A No.

Q There were two guys who worked with North in the same suite: Robert Earle and ~~Fred~~ Craig Coy.

A I never talked to either of them. In fact, on occasion when they answered the phone I wouldn't speak to them, not until I got the -- I was trying to get information back to him on the Hasenfus flight. I had received a call from Quintero saying that the plane hadn't returned, and had it crashed landed in Costa Rica or had it landed somewhere in Costa Rica.

I said we will, "I'll try and find out." I couldn't find out anything, and the fact that I couldn't find out anything is what I wanted to get back to Quintero and I couldn't do it. I forget now the reason, the telephone lines were down or whatever. So I called North's office and said, "Look, I know you must be concerned about this flight that has not returned to its home base. I want to tell you that there is absolutely no information that it is anywhere [redacted] in Costa Rica," and on that occasion North was not available.

Earle answered the phone and I said, "Please pass this message to Colonel North..." that there was no evidence whatsoever that that plane has landed [redacted].

We will keep checking.

Another hour or so, and Managua announced that it had shot the plane down.

Q Just to be sure, this is on the record, I take it the Hasenfus flight was not a flight for which you were to provide information?

A That is right. I didn't even know it was coming down. It was not designated for the southern front. It did apparently follow the same route that the other planes which did deliver material to the southern front followed, and the Sandinistas -- this would have been the seventh flight during the month of September, and they were waiting for it.

Q Let me ask you about another thing I know that you have testified about, but I want to ask you specific questions, and that is the September 1986 incident when the air strip is about to be exposed.

Mr. Wilson. When you frame your questions here you should know that was not covered by the Senate Select Committee.

MR. EGGLESTON: In conversations with them, I thought they had covered it. If they have not covered it, then let me do it in a more complete fashion.

BY MR. EGGLESTON:

Q Could you describe in a complete fashion that

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incident and your involvement in it?

A As I mentioned earlier, the ambassador had assured President Arias that the air strip was not to be used, would not be used, that in effect construction had been stopped [redacted]

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[redacted] it was clear to us that the air strip was no longer a viable proposition for the original purpose intended.

However, the ambassador and I [redacted] were quite adamant that the site should be protected. First of all, I had a personal interest in the ecological balance of that area.

I felt that at least with the civil guard under control of the place [redacted] that poachers wouldn't get into this area; that turtle eggs along the beach near the site would be left unmolested, and other ecological -- it is a very -- it is a unique part of the Central American isthmus, and in that it is virtually unspoiled land, and part of the agreement, as I understood, between the private benefactors and the owner of the property was that it would be maintained as ecologically protected as possible.

So I was insisting [redacted] keep guards on the property until the private benefactors were able to work out their situation with the owner. [redacted]

[redacted] The ambassador talked [redacted] about putting guards [redacted] on the property to avoid the possibility of having drug traffickers use that site, and this was a continuing concern during the period of June, July and August.

In late August, [redacted] the President had decided to announce, to call a press conference and announce that the actual purpose or the original intended purpose of the site [redacted]

THE WITNESS: So I called Colonel North at home. Again, it was his problem, and I complained to Colonel

North what I had heard and he said, "All right, I will take care of it. I will get hold of Elliott and C [redacted]."

Shortly thereafter, C [redacted] called me and said I just talked to Ollie and we had -- C [redacted] said that he and Elliott--that he, Elliott and Ollie had all discussed this and they thought that the best way to handle this situation was to have the ambassador call President Arias and put the lid on this press conference.

[redacted]

I then -- and I called C [redacted] back and told him that, and then I got a call from the ambassador, who was in Greensboro, Greenville, something--South CArolina or North Carolina, where he was giving a speech, and he said that he had contacted Arias and that he had persuaded Arias not to hold the press conference.

Subsequent to that, the Tower Commission and so forth, there had been allegations of $80 million. My impression is now on reflex, is that the ambassador said that he persuaded the President on the basis that this was an act of bad faith; that we had fulfilled our part of the bargain in that the air strip was not being used, would not be used, and he didn't see the reason why it was necessary to go to the press and so forth. [redacted]

BY MR. EGGLESTON:

Q You have made a few references to the Tower Commission. You obviously have read parts of it, probably the parts that deal with your part of the world. Let me ask you, there have been some claims that Colonel North, himself, called President Arias.

A Not so. Never heard that. He didn't know President Arias except by name. He had never met with him. How would President Arias know who Colonel North was?

Q So you have no knowledge that he ever called him, and your opinion based on your knowledge of the Costa Rican situation is that it is unlikely any such call took place?

A I am certain it didn't take place. The only two people that could have called President Arias was either Assistant Secretary Elliott Abrams or the ambassador to deal with this particular question.

[redacted] it would have been clearly and properly a matter for the ambassador to deal with or Assistant Secretary Abrams.

Q Do you know whether there were any efforts after there was this announcement that the air strip was going to be exposed? Do you know whether there were any efforts to get rid of all traces of Udall; whether there was any effort to clean up the situation, to make sure that there was no --

A Well, you know -- I don't know if this was a matter of conversation or -- it seems to me that ~~there~~ they were left with a problem in how to deal with the American owner of the property, Hamilton. And, I am sure I talked to the ambassador about it. I don't recall talking to North about it. But how do you deal with a thing where you have got this piece of property and they have a contract and how do you get out of it and that sort of thing?

Q By this time, does it still have the storage tanks on it?

A There were no storage tanks. There were some fuel drums, 55-gallon fuel drums.

Q That is what I meant. I was referring to the fuel drums.

A Once the thing had been essentially abandoned that became civil guard property in terms of whatever was left there in terms of fire extinguishers and things like that. [redacted]

Q So you think that that was gone by then?

A [redacted] It could still be there for all I know, [redacted]

Q I know that you have been shown others of these messages before. I want to show you some of these. I am sure that they are the bane of your existence by now, and I am sure that you have been asked about some of these specific cables.

I am going to identify them not by having the court reporter mark them, but by giving the name and date at the top of them so it is clear what we are talking about.

Let me show you what has top secret and [redacted] ω 3/3/86, [redacted] If you could just take a look at this one.

A The Tower Commission investigators showed me this one. It has all the earmarks -- this is my sign-off--

MR. EGGLESTON: By this, he is referring to the Capital D, Capital V.

BY MR. EGGLESTON:

Q What does D.V. stand for?

A It is latin for Dominus Vobiscum, the Lord be with you. That is what Colonel North used to answer.

Q How did Colonel North in his messages --

how did he abbreviate that?

A He didn't. He used another thing, which I never knew what it meant-- B.T.

Q You didn't know what B.T. meant?

A No. Now, obviously as you read it through, I recognize that I wrote this, but the only thing is I do not remember at all ever writing this first line, or the second line, as a matter of fact.

Q By lines, he is referring to the first and second sentences.

A On February 26 a Maule--the first or second sentence. I don't recall having written this. The fact that this plane came in and I described this in my testimony to the Senate, this plane came in to [redacted] airport as a result of an arrangement between Quintero and [redacted]

As a test run of this Maule [redacted] [redacted] this had come as an outgrowth of a conversation that I had with Quintero about the possible use of this Maule, which he had told me they had up there, to immediately evacuate people from inside Nicaragua [redacted] as well as to take up the leader of the southern front inside to meet with his troops, to see if it is possible this Maule could be used for that, because it is a short take-off or landing aircraft, and so this was the first attempt -- this was a sort of a -- this was an attempt to see if the plane could actually fly without problems [redacted]

Q Whose Maule was it?

A Private benefactors. When the thing landed [redacted] and the authorities there, proper, requested these people and the pilot -- it was both pilots. They found that the pilot's license was expired, that they didn't have insurance on the plane. They didn't have a flight plan. It was another Larry, Moe and Curly operation.

They said there is nothing we can do here for you to regularize your situation, and the authorities ordered the plane [redacted] At [redacted] the authorities properly called in the DEA. It says they suspected the pilots might be ours and they asked the DEA to check, and that is how the DEA asked me, and that is how I found out for the first time that the plane was even in the country.

Everybody was satisfied that these guys were not drug runners or anything like that, and they let them go finally.

Q Did you have any role in getting them to let

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them go finally.

Q Did you have any role in getting them to let them go, getting the authorities to let them go?

A I told the DEA--I said satisfy yourselves, make sure you are absolutely sure that these people are not narcotics traffickers, and they did, and they said, "Okay, then you don't have any hold on them." They said, "No." I said, "Tell the authorities that and let them work out their problem on the insurance."

I told Quintero they better get down there to file whatever papers they had with the FAA so these people could get the plane released. They were hanging around and finally they got into the plane and took off and flew it back. That was the end of my problem.

Q You mean they didn't do any of these things. They jumped in the plane and left?

A Yes. Never to return again, because, of course, the tail number is burned.

Q For what reason are you involved in helping this plane get released? How did you get involved?

A DEA called me and said is this your airplane?

Q So your only role in this was to tell DEA that it was not your airplane?

A That is right. Once I heard it was a Maule, I knew exactly what plane it was.

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Q You knew it was a private benefactor?

A It had to be. Do you know how many Maules there are in Latin America? Perhaps 5 or 6. It is AN unusual airplane, a fabric-covered single engine ~~seeds~~ STOL aircraft with oversized wings, and it doesn't carry more than about a thousand pounds because of its-- because it simply doesn't have the capacity, so it isn't a plane that you would use for hauling goods.

You use it for airplanes, that sort of thing.

Q Carrying people?

A Carrying people, right.

Q But you didn't help get the plane released other than to tell DEA that it was not your plane?

A As long as they didn't have anything on that plane or on those people to police, so inform the authorities at the [redacted] Airport, which they did. [redacted]

They had no problem coming to me and asking me if we knew anything about it, and I had no problem telling them that I suspected that they were probably friends of the contras and that if they didn't have a problem with it, so inform them and let these guys handle the problem on their own.

Q Let me show you what has Copp: 3/24/86 [redacted] at the top. This is not from you. There is a reference to a W [redacted] in it, which leads me to conclude that you might have some knowledge about the events. I want to ask you about the underlying events. It appears to be from Secord, at that time known to you as Copp?

A While I did not know of Copp and had only met Secord once, that is not to say he did not know of me. I don't know what North or Quintero told him. Ralph, which is Quintero, should have held discussions with W [redacted] by now with regard to Negro Chammoro's troops. Let's start -- let's get the record straight right there.

I don't know anything about the L-100 at [redacted] I don't know who the W [redacted] is that they are referring to here, but I assume it is the same W [redacted] here which is obviously me. But I could in no way do anything to secure and insure he does all possible to get the load released from [redacted] That is at [redacted].

Q You could call [redacted] --

A That is right, but I wouldn't have done it, and didn't do it, and I think it was very presumptious on their part to think that I would do it -- on their part I am talking about Copp, Secord and Ollie.

Q Do you recall the incident that this text is talking about taking you out of it? I am not asking you to ratify your participation in it, but do you recall that there came a time when there was an L-100 coming down that was going to pick up supplies?

A No, I was expecting a delivery, an L-100 flight. I didn't know where the supplies were coming from except out [redacted] Whether they were supplies out [redacted] or supplies out of Timbuktu, I didn't know.

Q What did you expect to be on the flight?

A Lethal supplies.

Q And was this a flight that was going to fly out [redacted] and drop into Nicaragua?

A That is correct, but where it gets the supplies from, I don't know.

Q It was going to do this without stopping at Point West?

A Point West was never considered as a stop at any time because Point West wasn't finished. It never was finished. Just as an aside here, I find it remarkable that so much attention has been put on Point West when in fact all it is or ever was, was a leveled piece of ground which was never suitable for the landing of a large aircraft.

It never was completed. In fact, you might say here are these crazy gringos leveling off this land, and it is unsuitable for anything. I don't understand where there is even a suggestion of some sort of wrongful activity, when in fact no Nicaraguan ever stepped on that, no equipment with the exception of that one emergency landing, and that could have been a corn field. That place was never used, although it was intended to be used. The L-100 flight, I asked headquarters in cable traffic for flight path, hostile risk of forces information, for radar coverage, and headquarters sent all of this information down which I then passed along to Quintero, who gave it to the pilots of the L-100.

There was only one flight of the L-100. There were several requests because there were a number of aborts or that they couldn't get the plane off the ground or the plane had to turn around or whatever, but there was only one actual delivery by a L-100, that I recall, and that was with information provided by headquarters in response to my request, all done openly.

That is the only one. Now as far as all the rest of this stuff, I cannot comment on it because I don't know.

Q Did you know that Rob Owen had any involvement with the L-100?

A I did not know that until I read it in the newspaper that somehow or other he took a flight or something or he was involved in something with the L-100. I only knew Rob Owen to be a collector of information as a provider of information when he came [redacted] I did not know he had anything to do with that L-100.

Q And the statement in here that Copp--suggesting that North, that he call w [redacted] if that is a reference to you, he -- North -- never called you and asked you to get the load released from [redacted]

A That is correct. He never called me, and it is certainly presumptious on the part of the writer, Secord, Copp, to think that I will have or could have done anything about that.

Q Did you ever call [redacted] and ask that material, military supplies, be released from locations [redacted] for transportation down to the south?

A On instructions from C [redacted] in early August, I went [redacted] and I Spoke [redacted] and asked if he could ask the FDN to consider their brothers in arms in the south and provide them with some assistance.

Q How did C [redacted] communicate to you?

A Personally in Washington and I was supposed to return [redacted], and I diverted Washington to Miami to [redacted] back to Miami back [redacted].

Q Did you talk to [redacted]?

A Yes.

Q He said, "I will pass it along." He didn't promise anything, and I didn't expect anything.

Q Do you know what happened?

A We didn't get anything.

Q Is there any cable traffic reflecting this?

A I don't think so.

Q So, other than that occasion, you never called or communicated with [redacted]?

A No.

Let me make the point why c [redacted] asked me to go down is because I had told c [redacted] what an absolutely desparate situation the southern forces were in. They were being decimated during that period and they had nothing, just nothing.

Q Had they started an offensive at that time?

A No offensive. They had not had an offensive since 1983. If anything, they were running. They couldn't even cover their own retreat operations, because they didn't have the material to do it with.

So, it was --

Q So, it was after you explained to c [redacted] the situation in the south that he suggested that you go talk to [redacted]

A And see if the FDN, through their own channels, with their own means, with their own aircraft, could somehow deliver some equipment to the people in the south.

Q Let me return to this L-100 for a moment.

Do you know whether this L-100 had anything to do with NHAO? Whether it had come down with --

A Now, I know from reading the press that it did, but I did not know at that time.

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Q You did not know?

A No.

BY MR. GIZA:

Q Can I ask you -- you talk about this insurance department; C [redacted] speaks to you personally after you have spoken with C [redacted] telling him the serious situation with the southern front.

A Yes.

Q Couldn't C [redacted] have picked up the secure phone and called [redacted] himself?

A Yes, sure.

Q But did you sense that it was his view that coming from you personally it would have had, you know, a larger impression there with C [redacted] picking up the phone?

A Probably.

Q Or was it he didn't want any communications over the air waves?

A Oh, no. No.

Q Via message traffic?

A My sense is it was [redacted] and I were very close friends, have been for years, and I can say -- I could probably be more -- I could explain.

In explaining their plight in the south I could be more precise in the details of what their condition was, and I presume that that is what it was. We didn't

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discuss it. He didn't say, "Now, you do it, because I won't --" -- no, no. It was just, "On your way back, why don't you stop off [redacted]" and I did. I just stayed overnight, left there the next morning and went back to Miami and [redacted].

BY MR. EGGLESTON:

Q This cable is from Copp to North three days after.

A Three days after what?

Q Three days after the prior cable which was on March 24. This is a cable dated 3-27-86, [redacted] at the top. Could you take a look at that one?

A This is the story of our life here.

Well, go ahead.

Q Well, this cable also suggests that you were involved in -- I think the last sentence says that you said the deal had been set up a long time ago, and there is a sentence before that says that you -- I shouldn't quote it, because -- continues to express surprise.

A I will express surprise right now.

Q The surprise language indicates he was in recent communication with you or someone who was.

A Yes.

Q I take it it is your testimony that whatever is in this cable that suggests you had involvement in this is just false?

A Let's take it point by point.

I don't know anything about the first part of the cable.

Q Right.

A Let's get down to where it says "Ramano said FDN totally unaware of any agreement to send anything to Blackie's troops. FDN totally unaware of any agreement --" I don't know of any agreement except the fact that the FDN was certainly aware of the plight of the people, of Blackie's troops in the south.

If Blackie made some sort of a representation that there was an agreement, I don't know about it.

Okay?

So, this -- but the fact is that FDN never wanted to share its -- whatever it had obtained or it had in its supplies with the people in the south. There were political reasons as well as normal jealousies.

The whole mess is the result of incompetence on the CIA's part or worse. Well, that is his comment, not mine.

W

[redacted] continues to express surprise -- I don't know what he means by that other than that I would have expected the people in the north to help the people in the south.

Meanwhile, my ability to sell this type MSN --

I don't know what that means -- continues to erode because of lack of professionalism.

MR. WILSON: "Mission"?

THE WITNESS: Lack of professionalism.

BY MR. EGGLESTON:

Q Just editorial comment.

A I agree with that.

"This can not be totally attributable to recent comments since W [redacted] claims deal was put together a long time ago --" Now, I think I know what it means.

This is now March of 1986. The troops in the south, and I believe it was early November --

Q Early November 1985.

A 1985. [redacted] and a couple other southern front commanders met in the field in southern Nicaragua with some of the commanders [redacted], and they wrote an agreement in the field that they would cooperate with each other, that they would share information and whatever supplies they could.

That was sort of an expeditious agreement that was made in the field, and it was the first time that the commanders in the south had actually had a meeting with the commanders from the FDN who were also in the upper part of the southern area of operations.

In December, late December, early January, several of the commanders came out of southern Nicaragua and told you about this agreement.

They then sat down and worked out a political agreement with Negro Chamorro -- these were primarly dissident commanders of Eden Pastora who had come out of southern Nicaragua -- and they sat down and wrote out what they thought was the most substantive agreement that had been reached yet, political agreement that had been reached yet, and it was an outgrowth of the basis of this agreement that they had written in the field with the FDN in the north.

Prior to that, Pastora had not allowed any of his commanders to have any contact whatsoever with the northern commanders.

When they came out, they confronted Pastora, and they said, "Either you give us supplies or we are going to join up with the UNO structure," which included the FDN.

Even though Pastora tried to persuade them from doing it, they said, "Maybe they can get us supplies," and so that was when they sat down.

[redacted]

[redacted] they, in fact, sat down and hammered out an agreement with the political elements of the UNO [redacted] and I assume that that is what is referred to here as "since the deal was put together a long time ago."

Q But the suggestion in here in these last two sentences that he has in communication with you -- and your expressing surprise that these weapons have not yet arrived is indeed an improper suggestion.

A That is certainly an improper suggestion.

I had no communication whatever with -- whether he got that from Quintero or he got involved from -- or that came out of a conversation he had with North, I don't know, but it certainly didn't come from the conversation with me.

Q Are you certain that you got your KL-43 from Quintero?

A I am pretty certain.

Q Could you have gotten it from Rob Owen?

A I don't think so. Did Owen say that?

Q Well, I never tell one person what another person says.

A Well, I say I am quite certain.

Q All right.

A I just don't remember.

Now that you raised a doubt in my mind --

Q If you got it from Owen, it might have sort of changed your view about just what exactly Owen had to do with this whole operation that you --

A No, not that he had -- not that he was North's representative or North's leg man that is working with North, no, but I have to say I am pretty certain I got it from Quintero.

Q Did you ever talk to North about the reason that these private individuals, not just the KL-43, which, as I said before, is, to my understanding, not a secret --

A Wait a minute. I never knew that anybody had KL-43s except Quintero, North, and me.

Q Quintero is not a government official, though.

A Yes, well, but he was working with North, so I assume that that -- whatever clearances, North got him clearances.

Q But you knew that Quintero was involved. You knew he was involved in constructing Point West.

A And that he was involved at [redacted] --

Q With the private benefactors.

A Sure, with the private benefactors.

Q And did you ever talk to North about -- I assume you knew you had this government cassette that was highly secret.

Did it cause you any concern that Quintero, working for this rag-tag group of suppliers or working with them, had access to and was using this, what I understand to be a fairly secret and sensitive cassette?

A Well, you know, you have to put it in the context of Oliver North. This is a National Security Council deputy director, political military affairs. I mean, you know, to a GS-15 [redacted] this guy talks to God, all right?

And he meets at a level, and, obviously, I knew where he worked in the Executive Office Building. He has got tremendous access -- which is to say, he couldn't simply pick up the phone and say, "I want clearance for Rafael Quintero" or for John Jones or Joe Doe, you know?

He is outside of my area of experience, or this was outside of my area of experience. In the agency we certainly wouldn't have done it, but then this is the NSC. Maybe they have got special things that they do.

Q Okay.

A It all goes to the fount of this. I mean, North is not some ordinary American citizen that suddenly is in a position -- in this position. This is a man who had dealings with obviously the Director of CIA. He was at the conference in August of 1984 [redacted] I saw him there.

You know, he deals with my division chief. I am going to question him as to how come this guy that he says is totally trustworthy and so forth.

I certainly questioned him, but he gave me the bona fides. That is fine with me.

Q But, on the other hand, you hear, you see Colonel North obviously involved with lethal re-supply of the contras.

A Which I understood he was permitted to do.

Q In a very active way. He has KL-43s which you know he has given to Rafael Quintero. When planes get stuck in the mud you call Colonel North to get them out.

A Right.

Q Did you ever tell C [redacted] that you had a KL-43?

A I told my division chief that I did.

Q When?

A April of '86.

Q Who did you tell?

A [redacted] L

Q And when was -- where were you when you told him that?

A [redacted] In my office.

Q Did you show it to him?

A Sitting right behind my desk and I pointed to it. Was in a bag with, TRW bag, I said that is the communications equipment I got from Ollie.

Q What did he say to you?

A He looked at it and he said, okay, didn't say anything, he said -- I had raised the whole question that I felt a little uncomfortable in dealing with the passing of information to the private benefactors that even though I recognize that it was permissible under the agreement between the Agency and the Congress to pass intelligence, I still felt a little uncomfortable in doing it. I wondered if there wasn't a better way to do it, and what he responded was when he got back to Washington he was going to check on the law and check on this whole situation, and he would get back to me. And in May, we had [redacted] conference [redacted] and he raised the problem, and he said -- he raised it in front of [redacted] he raised it in front of [redacted] and he said [redacted] got a problem, and we got to fix it.

By that time I had come up with an idea of how to do it.

Q This is by putting it through the --

A By putting a Nicaraguan communicator [redacted] that we had trained, with equipment that we supplied to him, and then he could do an interface, direct interface with the private benefactors out of [redacted] using our communications equipment and our one-time code ~~bads~~ bands, communicate with the communications center [redacted] to the people inside Nicaragua, and back the same way to the private benefactors.

And I guess you know the story of what happened after that.

Q Yes.

A But --

Q But it is your testimony that you specifically told [redacted] when you met with him in April of '86 that you had a KL-43?

A In my office.

Q And that it was to communicate with Ollie.

A That is correct.

Q Did you tell him --

A The private benefactors.

Q Sorry.

A With the private benefactors.

Q You told him it was so that you could communicate with the private benefactors?

A That is correct.

Q Did you tell him you had gotten it from Ollie?

A I believe I did.

Q Did you tell him you had actually received it from Rafael Quintero?

A No, I don't think I ever mentioned Quintero's name to him.

Q But it was clear from what you said to him that the private benefactors also had a KL-43.

A Oh, sure. You know that is who I was communicating with and that is what the problem was that we wanted to fix. There is a point I want to make here --

Q Sure.

A -- and that is I also told him I kept the ambassador fully informed in response to his question, and that seemed to satisfy him. As long as you keep the Ambassador fully informed, you know, I don't see that there is a problem -- fully informed in the sense that I was passing information, that we had a flight coming, whatever. And also that I had requested the flight path and hostile forces information from headquarters and had relayed that to the benefactors for the purpose of the flight.

Furthermore, after the L-100 flight and all the subsequent flights all the way through September, I sent intelligence reports, disseminated what we call intel dissends, disseminated intelligence reports ~~though~~ through the intel community in CIA channels concerning delivery of this material and as I pointed out in my testimony to the Senate, I think it is evident here when the problem was not fixed and when North said he had these supplies to send down in September, I agreed to pass the information on the drop zones and so forth, and as soon as that first intel report was received in Washington, they knew that there was -- that the communications link had been established again.

They knew it as of the first intel report that they received and nobody from Washington came down and said, "Stop what you are doing, [redacted]"

Q Let me show you a memo that has [redacted] 4-12-86 and [redacted] at the top.

m5 Do you remember this one?

A Yes. It was referred in the Tower Commission report and I wrote up notes for counsel. I would like to quote because it was a very spontaneous when I wrote this and I think it reflects my thinking now and at the time.

Q All right.

A So the portion of the April 12 message which mentioning the creation of the 2000 man force, end quote, reflects a poor choice of words on my part and needs explanation. First the message should be understood in context of an informal communication and as such was written in an offhanded style. It was obviously not meant to be anything more than a simple direct expression of an ideal, perhaps of an ideal perhaps unattainable situation.

Secondly, in a more appropriate choice of wording I might have cited the expectation of the Southern Front commanders whose views I was essentially representing as my own, and the exhortation that all USG and Nicaraguan resistance elements pull together in support of a southern front, including the NSC.

For the record, the message represented a bit of brainstorming and I subsequently wrote an identical cable to Headquarters in a staff channel message of the existence of this panel was made in the office of the Inspector General -- and hopefully has been found.

So to summarize I would like that understood in the context of being really a reflection of what the southern commanders wanted, and this came as a result of our contacts with them.

Q The difficulty is that you creating a 2500 man force is the one thing I take it which you knew you could not do.

A Of course I couldn't do, on April 12 although we had expected the vote I guess to be a favorable one sometime in the spring this was looking, this was something that we were looking down the road at.

Q Right.

A As it turns out it was what, four months later, 3 or 4 months later, June -- no, two months later, that the vote finally took place but it wasn't until October 24, '86 that [redacted] actually got a scent.

Q The portion of this memo right before the section that you talked about though similarly suggests "our plans during the next 2 to 3 weeks include", and it lists the various drops, NHAO drops --

A Please put it in the context of the southern commanders. Please put it in that context.

Q But is it you and the ~~soutyern~~ southern commanders or is it just the southern commanders?

A That is so hard to distinguish. Obviously

m7

reflect their concerns. I was their advocate, their spokesman. I was the person who was reporting on their problems to the communities.

Our intelligence reports all reflect that repeatedly. The condition that they were in, what they were suffering. I mean that was my responsibility.

Q Alleviating their condition, I take it?

A No, reporting it.

Q Right.

A Sympathizing with them, explaining to whoever had to know about these things what condition they were in so in expressing the question -- remember we are dealing with a machine there that is very limited in its function and so when I said "our" I am representing an aggregate of [redacted] views, the commanders' views, the southern political views. I am not trying to be cute with words or writing for the purpose of the record.

Obviously had I known that this thing was going to get so much scrutiny there would -- it wouldn't have been done in such a careless way. If you read my intel reports in fact you will read most of my operational cables I would say 99 percent of them, you will find they are very carefully done.

Q I have read an enormous number of them, I think Mr. Giza has probably read every one.

m8

MR. GIZA: I read a lot of them.

BY MR. EGGLESTON:

Q And I think that is generally true.

A I was very careful with the wording so I get trapped by the sort of familiar style because after all I am writing to my buddy, Ollie, and that sort of engenders a certain sense of --

MR. LEON: Informality?

THE WITNESS: -- of informality.

MR. GIZA: You also knew these cables were not going to be subjected to the dissemination that your cables that were sent to Headquarters would be subjected to, right?

THE WITNESS: Within the general sense of my relationship with Ollie, that is correct, and I want to make a point about that because I am sure that at some point in our discussions here today, it is going to be raised.

What about this relationship with North and me? We were close friends. We -- I saw in him a very dynamic individual, someone who truly believed as I did, and I do, that the cause of the people who I was in contact with on an almost daily basis was a legitimate one, that I saw in North a person who would not shirk from doing what he could do to support these people.

m9 By the same token, I must say in all honesty that there were political differences between myself and C [redacted] and I saw in Ollie North an advocate at the [redacted] BIG level so that my views could be more fairly represented than I thought they were being represented, than I believed they were being represented by C [redacted] who I think had a different agenda.

BY MR. GIZA:

Q What do you think that agenda was?

A A much stronger political role for the FDN, and that the south led by Alfonso Robello was incapable -- or say that that was the moderate social democratic elements of the resistance were unable to adequately represent the strong political position that C [redacted] wanted them to represent.

C [redacted] on a number of occasions attempted to manipulate situations -- and don't ask me to pin them down because I can't -- whereby I felt that the southern political organization was put at a disadvantage, that I was being -- that my arguments were not being heard with the weight that I felt that they should be heard, and so essentially what I did is I enlisted Ollie North by virtue of our friendship and our relationship to be my advocate at that level.

Now, my cables to a certain degree if you read them in that light will reflect that [redacted] I battled him for a year until he finally said this is the way it is going to be, and then as a good soldier I said all right, I accept that. But I argued forcefully and I enlisted North to argue forcefully as though he represented himself and not necessarily me in those councils of policy that [redacted]

MR. EGGLESTON: I have seen that show one time and that was the one I happened to see.

THE WITNESS: Well, let me tell you that that was one of many points of contention, and in all honesty it was a very professional difference, never a personal difference. I have great admiration for [redacted] talents and his abilities. He is a very bright person, forceful person, a very articulate person, but as a chief of station trying to accomplish certain things, I felt that we were being -- that we were not getting the kind of understanding that was necessary so, yes, I did do that. Maybe that is called political maneuvering, maybe it is called a lot of things, but that is essentially one form of my relationship with Ollie North.

BY MR. LEON:

Q Did you ever act around C [redacted] back?

A Oh, no.

Q Did you ever go around C [redacted] back in acting out North's wishes?

A No, oh, no. Look, on the aspect of North and what he was doing with the private benefactors and my participation in passing the information, I was convinced throughout this period that my superiors in Latin America Division, L [redacted] and North were fully aware of the passing of the information, and that was clearly --

MR. EGGLESTON: L [redacted] and C [redacted]?

THE WITNESS: L [redacted] and C [redacted] Make sure it's L [redacted]

MR. EGGLESTON: North as well?

THE WITNESS: Not my superior, but they knew what I was doing in terms of passing information back and forth between the commanders and the private benefactors as was shown in that meeting in May [redacted] and the attempt to resolve the problem and the fact that intel reports in September when the flights resumed again, that they saw these things coming in and they said nothing. They allowed it to continue. So what am I as a reasonable

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person supposed to assume? Certainly, I had not -- while I may not have had specific authorization to do this or to do that, neither was there a specific instruction not to do it.

BY MR. EGGLESTON:

Q Let me show you another one that you have seen before, [redacted] 4-15-86, [redacted]" it says.

Have you seen this one before?

A Yes.

Q Let me just take this one sort of piece by piece.

First,"delivered to [redacted] by 707 yesterday is a planeload of ordnance for your friends."

Do you know where the 707 came from?

A No, sir.

Q You didn't even know if it came from Europe or you didn't have any --

A Or the moon.

Q You didn't have any idea.

A No.

Q About half way down it says, "Is there a UNO/HRN communicator being placed in [redacted]" I may have misunderstood but it was my understanding that this was sort of the resolution and that you knew by this time there wasn't any.

A No, no, no, no, [redacted] came down in April and the

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idea of placing a communicator was my idea that I raised as a proposed solution in May. Of course there wasn't one at this time because we had not worked out anything yet.

Q Right.

A But that we would put a communicator up there in [redacted]

Q Aye.

A I raised that at the meeting in May, on July 12 the cable came down and said hands off.

Q But at this time you knew there was no communicator.

A Right, sure, sure we knew that. There was never any communicator. At some point I assume I sold Ralph, I don't think I told -- this is from North -- I may have told North that one possibility is to put a UNO/FARN is the Negro Chamorro portion of UNO, to put one Nicaraguan communicator up there, throwing it out as an idea. But the thing was not -- there was no communicator then. I was still handling the passage of information then.

When we went [redacted] in May I raised the idea formally in the meeting with L [redacted], C [redacted] and the [redacted], and that is the chronology of it.

Q Is this a message from North to you?

A That is from North.

Q To you?

A Yes.

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Q Do you remember getting it at the time? I don't mean do you remember getting it at [redacted], but --

A Yes, I got the message.

Q Explain to me why he writes, "When and where do you want this stuff?

A "You" -- again it is the commanders.

Q But he is expecting you then to ask the commanders?

A I could not accept a bullet. I would not accept a bullet. Where [redacted] could I have? I mean, when he is saying "you", he is referring generically to you in the south, you the commanders in the south. By the same token, the commanders inside Nicaragua never had a set position for more than 48 to 72 hours because of the Sandinista pressure on them.

So when he comes in, this is shorthand for saying when do you want -- when do the commanders want the stuff delivered.

Well, at that point I would then see that a message got into the commanders saying are you prepared to receive, if you are prepared to receive, then please give us a location, a drop zone location.

They would then -- this was all done by one time pad, secure communications. Now, often when we did this we advised them there is a delivery for you, the benefactors wish to deliver for you, can you receive it. They would say no, we are not in a position to receive it and we don't expect to be for maybe three days or so because of the particular pressure that they were under militarily, combat that they were under at the time.

When they were ready to receive it they would then notify the communication center and say, okay, now we can receive it; we will have a location; and they would give us a location, secure for the next 24 to 48 hours. That would be relayed back [redacted] and they would say well, we can't make it in the next 24 to 48 hours, or, yes, we will try and we will let you know.

Sometimes they gave us 4 or 5 hours notice meaning that the plane is leaving at such and such a time, and it will be there tonight. Hopefully we will be able to raise the people inside and tell them, light the ~~fiees~~ fires at such and such a time for the drop. Sometimes we would have -- they would tell us after the flight was under way that they had to turn around and go back to base. We would have to notify them. Please understand that [redacted] myself, I and the people [redacted] the Nicaraguan communicators were only a conduit between the commanders and these people. We did not decide when a drop takes place, we had no way to do that. It was up to the people inside to decide when they could receive a drop.

We could not dictate to them. We did not know what their situation was.

BY MR. EGGLESTON:

Q I understand, but you have indicated -- actually before I get into this, let me talk to Dick for a second.

MR. WILSON: Can we take a short break.

MR. EGGLESTON: Sure. Do you want to take a couple minutes. I don't have that much more to go.

(Short recess.)

MR. EGGLESTON: Back on the record.

BY MR. EGGLESTON:

Q I have seen the cables that you have sent to Headquarters and the cables that came back that related primarily to vector information, weather information, and things like that.

What I would like to ask you though is did you provide information to Headquarters that you were in communication with the commanders in the field to inform them that military supplies were available? Were they aware of this type of communication that you were having with Colonel North?

A I don't remember.

Q Okay.

A I don't remember what I said in those cables. I just don't remember. Just that they were the southern forces were expecting a resupply flight and requested that information.

Q That is my recollection that the cables were essentially saying.

A That is the best I can do for you.

Q If it is not in the cables, it is not anywhere it is, it is not in personal conversations or secure conversations or whatever?

A No. Not that I recall.

Q Okay. I am almost done. I have a lot of tabs but I am not going to be asking about all of them.

A I think when I first talked to anybody about the whole thing was with L [redacted]

Q In April?

A Yes, in April. That was just -- no, it was just after the L-100 flight and frankly I was not comfortable with the situation and I wanted to be sure that passing of this kind of information which was according to my understanding within the parameters of the agreement, that it was okay and that is why I talked to L [redacted] who was the Chief-designate for Latin America Division.

Q Do you know whether the time you spoke with L [redacted] was before or after?

A You would have to check when I was there, I don't remember. I know it was before May 1st because he took over May 1.

MR. GIZA: Right.

MR. EGGLESTON: Do you know when he was there?

MR. GIZA: No, I think he was probably taking a trip around the region before he took over.

THE WITNESS: Correct. He knew many of the characters I was dealing with.

MR. GIZA: Sure. He was head of the Task Force when you were there.

THE WITNESS: Yes, he brought me into it. Off the record.

(Discussion off the record.)

MR. EGGLESTON: Let's get back on this.

BY MR. EGGLESTON:

Q I only have about two left and we will finish up. This is one that says at the top "Copp: 4-28-86 [redacted]". I am not suggesting it is to or from you or that you have ever seen it before, but there is a reference to two things I want to know whether you have any knowledge of.

The first was in handwriting at the bottom, and I don't know if you recognize the handwriting, it says need to get codes and -- looks like photos -- to [redacted]

This is at the end of April '86. Do you know what this is about?

A Codes, I can only assume that I needed the May cassette.

Q Right.

And does that say photos?

A Oh, you know what they were? The pictures of [redacted] and us at the White House with the President.

Q Okay.

There is one other thing that I just want to ask you whether you know what it is about, paragraph 3, that was in handwriting at the very bottom designated as paragraph 6, paragraph 3 which is typewritten, Olmsted still needs to go to Miami to produce radios for [redacted].

MR. WILSON: Procure.

MR. EGGLESTON: What did I say?

MR. WILSON: "Produce".

THE WITNESS: No, I have no idea.

BY MR. EGGLESTON:

Q Just two left, this one says at the top "Copp: 5-28-86, [redacted]. Below that it says "May 02, [redacted] [redacted]." Can you read paragraph 1 and tell me if you know about that?

A The indigenous along the Atlantic Coast were the most neglected of all the southern forces and as I recall it Quintero wanted to know how they could get -- what would be one way of getting deliveries into these people, to the Indians along the southern coast. I said there are only two ways to do it, one is by boat and the other is by air. By air it was suggested that they could fill weapons into 55 gallon drums, seal them, watertight seal them and then put what he called a Kemlite, it is a chemical and plastic thing that when crushed the chemicals interact and it creates kind of -- cylinder would glow so that when the aircraft kicks these 55 gallon drums out and they are floating in the water along the coast, that the little Kemlite thing would glow and the people in their canoes could come out from the coast and retrieve them, retrieve the 55 gallon drums.

Well, that didn't ring like it would be very practical to me because it involved all sorts of coordination and communication between the Indian groups and the private benefactors, and what time and all, and these Indian people were not capable of doing that. So we discarded that. I discarded that as a possibility given my own knowledge of their circumstances.

Furthermore, they didn't have radio equipment, they didn't have -- they were not trained in the use of radio secure, secure use of radios. So these were, I discarded that.

Then he said, well, what if we provide boats?

I said --

Q These are conversations with Quintero now?

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A With Quintero, yes, he was asking me based on my knowledge of what I knew of their condition inside, what would be practical, what would be impractical in providing support to these people because everybody, myself included, recognized that the Indians are probably the most effective force that exists along the Atlantic, eastern part of Nicaragua. They are fighting for their tribal lands, they are fighting on their own territory, they have their own language, and they have their own culture which is something that the Sandinistas have been trying to bring under the regime's control and they have been generally ineffective in doing so.

Besides that, they can live with a lot less than the caucasian Nicaraguan can live with.

So it was proposed that they would buy, that the private benefactors would buy Zodiac -- these are rubber type boats -- I think it was in Miami or someplace and that they would deliver them to, by air to the Atlantic coast people so they could start running their -- runnin g some sort of supply line up and down the Atlantic coast.

[redacted]

[redacted] what they really needed at that time was primarily medical supplies and other things, and that is why they were going to bring these boats in.

Well, I don't know what happened. They didn't buy the boats. They didn't get the boats delivered. They didn't do that or that. There was a lot of promise and no delivery. As it was with most things. But that is basically what that means. It was another one of these ideas that these people and I don't know, some of it evolved from conversations that I had with Quintero, others I think came from North or somebody but once we tried it on for size it just didn't work.

MR. EGGLESTON: Okay, I have --

THE WITNESS: Like the Medevac plane, the Maule.

MR. EGGLESTON: I have no further questions that I would ask. I will say something more at the end when everybody is done. I may want to ask you other questions, but thank you for putting up with us one more time.

THE WITNESS: Sure. I am just sorry I have not been able to be more explicit on things but obviously I am trying to recall memories and I have not had access to any records from Headquarters. My dates are fuzzy. My

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recollection is certainly fuzzier. Then I am trying to separate what I have read in the paper from what I knew at the time. Some of it gets a little bit -- remember another thing, too, please in all this. I know I am not using it as an excuse, but this whole thing, when you put it altogether in one package of time probably didn't represent any more than about 1 percent of all my activity. Weeks would go by without even a call to North on the secure line or a message, and then obviously there are the constant disappointments of promised flights and no deliveries.

After all we are talking about a period from approximately late January, 1986 until September 23 or so, the third week of September 1986, 9 months, 6 of those flights as I recall them came in one month, September, and the rest of it was a lot of promises, maybe we can do this, maybe we can do that, and all the time laboring with the problem of trying to stay well within the definition of the amendment and at the same time, putting up with the terrible strictures of dealing with these people face to face and not being able to satisfy their real, real needs.

But my [redacted] operations, [redacted] [redacted] occupied 99 percent of my time. So if I am fuzzy on these things, it is because it really didn't have the focus of my attention.

So I apologize for that.

MR. EGGLESTON: I don't know who wants to go next.

BY MR. GIZA:

Q [redacted] let me say I was out of the room for a half hour and if I ask you a question that you have already responded to, just say that you have already responded to it in this session with Mr. Eggleston, and I apologize.

Did you on any occasion ever have any private conversations with Director Casey?

A Yes, two.

Q Did you describe this previously in the Senate committee?

A I sure did.

Q Did you ever have occasion to send privacy channel messages to Mr. Casey during your period of time [redacted]

A No, sir.

Q When you discussed with me the issue of the southern front and the problem that you had with [redacted] and how you went to Oliver North for assistance to push this issue --

A Let me say, please don't misunderstand, it wasn't m25 a conscious decision. It was just that Ollie offered an opportunity to have my views aired so that there would be as much balance as possible. I didn't plot the thing out to make sure that Ollie -- I didn't say look, I want you to do this, I want you to do that; it wasn't that. I would give him my views and I expected him, maybe he did, maybe he didn't, but I expected him to at least present those views at the RIG.

Q That is understood. Without getting into this in a long amount of detail, my basic sense that you are communicating to us is that you had a view that differed from the view of your superiors in the Central Intelligence Agency concerning the activities and operations of the southern front?

A Not from my superiors, from one superior.

Q Okay. Did you ever go to your superiors above C [redacted] to communicate that view? Did you ever go to [redacted] or L [redacted] or Clair George?

A Not [redacted] because [redacted] really kind of let C [redacted] handle all the Central American things, but to L [redacted] sure, on several occasions I expressed my concerns about what I thought was an imbalance.

Q Were these in personal discussions or were these in message traffic?

A No, personal discussions.

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Q Do you know --

A And only to make, to get things back on track. It was again, this was, please, it was a professional difference of opinion. It wasn't personal. I didn't go behind C [redacted] back to do it, but I, L [redacted] and I had worked together a long time as well as in Washington, we knew how our style of operation was. we were both Latin America experts; whereas, C [redacted] had a different perspective and there were times when I just couldn't make points that I really felt needed to be made and therefore I would talk to L [redacted] about it and L [redacted] would talk to C [redacted] about it.

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BY MR. GIZA:

Q One further question. Did you know [redacted]

A Yes.

Q Did you ever have discussions with [redacted] about the general problems of providing assistance to the contras?

A Only in the context that he was [redacted] and that were the contras effective from the perspective of Nicaraguans, the civilian populus inside Nicaragua and my general lament that the cutoff was devastatiing to the people in the resistance.

Q Did you ever have discussions with him after he left his position [redacted] and became Special Assistant to the Director of Central Intelligence?

A I never saw him again. I haven't seen him since he left as [redacted]

MR. GIZA: No further questions.

EXAMINATION

BY MS. WESTBY:

Q Is it fair to say then that the reason you got involved -- why did you get involved in giving vectors?

A Because it was proper for me to do so.

Q And Ollie asked you directly to do that?

A No. It was proper for me to pass information to the commanders inside concerning delivery information.

Q So that was your complete understanding, that it was proper for you to do so.

A Certainly it was proper for me to do so.

Q And up until you have the conversation with [redacted] --

A I said I was uncomfortable with passing this information, which was certainly unorthodox in my experience as a CIA field operations officer so I raised it with him and he said he would look into it. Then we had the meeting [redacted] and I graphically remember the moment when he said [redacted] has got a problem and we have got to fix it and he said that to the assembled [redacted] and we had to figure out how to get this communicator up there so he could interface and I would be clearly relieved of that responsibility and I don't think that there was ever a question about the legality of my passing that information.

I think that where there was concern and there were certainly events in that cable of July 12 that there was a political concern, not a legal concern.

In other words, [redacted] wrote in that cable we are close to the vote, let's not screw up now or words to that effect by getting too close to the private benefactors and yet by saying so we would have been essentially denying the legitimate need of the resistance to obtain information from us concerning delivery of material, including information such as risk of hostile forces and so forth that would ensure the safe delivery of material in hostile territory to them.

Q So it was never your impression -- you never said to yourself well, I know I am doing something wrong --

A Let me make it very clear to you, to this very moment I never did anything wrong -- ever. ~~Mabye~~ Maybe I didn't do everything exactly right, but I never did anything wrong.

Q Okay. This may have been covered in your Senate testimony, but how did it come about that this started? Did Ollie ever say to you -- did he say, Buddy, can you do me a favor? Did he ever put it in the context --

A Remember, the commanders signed an agreement in January of 1986 whereby they, the former Pastora commanders agreed to align themselves with the UNO commanders and take inside with them the Chamorro forces that were or troops that were [redacted] They went inside and they under the aegis of UNO and as a result of that, they expected to receive supplies at some point when the funding was to be resumed.

Now, that was expected to be some time in March or April. It didn't come about -- the vote didn't even come

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about until June. At the same time, North had supplies or the private benefactors had supplies at [redacted] The private benefactors advised me that they had these supplies which they were willing to deliver to the commanders who were inside now under this political umbrella of UNO and they asked would you pass this information.

I was well aware that we were allowed to pass information on the basis of the agreement that had been reached under the $27 million humanitarian aid and the $3 million communications aid in that agreement that existed between the agency and the House and the Senate, that we were permitted to pass them information or intelligence of an intelligence nature, of a counter-intelligence nature, including information for the safe delivery of supplies.

So on the basis of that, I sent the cable off saying that the southern commanders are prepared -- will be receiving supplies from the private benefactors, headquarters, can you Provide ~~private~~ flight path information. At that point had there been anything illegal in the situation, I am sure headquarters would have said no, we can't provide that.

They didn't. They provided very detailed information concerning the flight path and the risk involved in a delivery flight.

Clearly, I accepted -- not deduced, I accepted the fact that this was legitimately passed information and that my activities were legitimate. I hope I am not being argumentative with you.

It is just that I have got to get my view out and it hasn't been so far. It has been distorted in the press and with the things -- you asked me if I had talked to -- I haven't talked to Clair George since summer of 1984.

MR. EGGLESTON: I didn't ask you that. It must have been at the Senate.

THE WITNESS: No. It was the fellow who was here. The press says I got Clair Goerge's tacit approval. It didn't happen and it didn't need to happen because I was functioning within what I felt were permissible -- in a permissible activity.

EXAMINATION

BY MR. LEON:

Q Did you have any knowledge of the contras being ripped off in the construction of the base?

A The contras had nothing to do with the base.

Q I should say -- the money that was being used to build the base.

A I have no information about that.

Q You came across no evidence of over-billing for the the services of the construction work --

A Quintero thought that [redacted] was

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probably ripping him off ten percent, but that was well within the accepted conditions of that kind of deal in Latin America.

No, I didn't have any, and I don't know about any profiteering.

Q You never saw any evidence to support that?

A No.

Q Did you ever deal with General Secord?

A General Secord -- I met General Secord once in the Ambassador's office [redacted] The Ambassador introduced me to him and at that time -- Secord or Singlaub?

Q I asked you Secord, but I will also ask you Singlaub.

A I only met Secord at the meeting in Washington.

Q How about General Singlaub?

A He was introduced to me by the Ambassador in his office and he explained that the reason he was [redacted] was to convince Pastora to accept unity under the UNO umbrella.

Q Was Barbara Studley with him by any chance?

A I believe she was. I never saw her. I think the ambassador mentioned that she was there [redacted] at the time, yes, but she did not participate in this meeting nor did I ever meet her.

General Singlaub went on with this sort of wishful

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hope that he could convince Pastora to accept unity. I gave General Singlaub about a ten minute recitation on the capriciousness, instability,erratic behavior of our experience with Pastora in previous years.

I said I thought that his effort was, while well-intentioned, was ill-advised. I thought that he should have no contact with Pastora whatsoever because it might give Pastora the wrong signals.

Here the UNO was trying to consolidate all of its political efforts under one umbrella organization with our, of course, endorsement, and strong urging, and all that Pastroa could do was to become very disruptive to that process.

So I did everything I could in those ten minutes to try and discourage him from doing this. In any case, he told me that he was determined to do so and that he was going to meet with Pastora and offer assistance in return for his cooperation.

I essentially ended the conversation by telling him that as a private American citizen he could do as he saw fit but he would certainly not be acting at that time in what we considered to be the best U.S. interests.

Q What time frame was this?

A I have no idea.

Q 1985, as opposed to 1986?

A 1986. March -- there is a cable. The Senate has a cable. Let me tell you what happened. I left town. I had to go to Miami or someplace in consultation. When I came back I found that my deputy had released the cable from the Ambassador to North, [redacted] and Abrams in which he outlined what Singlaub had done, and in that cable the promise that Singlaub made was that the United States will provide Eden Pastora with assistance and so forth.

And when I returned and saw this cable, I immediately went to the Ambassador and said, sir, I think you have made a big mistake in allowing not only him -- not disclaiming, but also distancing ourselves from any such agreement which says the United States which implies the United States Government, but I felt that it should not have been relayed to Washington and we should have sent -- you should have sent Singlaub back to make sure that he, Pastora, understood that it is not a United States entity which is promising him this support.

In any case, by the time I was able to get this message across, Assistant Secretary Abrams sent Ambassador Tambs a very strongly worded cable concerning that. It was so strong that I frankly thought that Ambassador Tambs' days were numbered. I then sent -- I wrote a cable in the same channel to the same people with a -- what the Ambassador meant to say was kind of

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cable, and what should be understood by this, and the Senate did have this cable traffic. That was the only experience I had with General Singlaub. Who, if I never see again --

Q Do you recall North or C [redacted] reaction to that cable?

A They were in full agreement with everybody, with me, with our position that that was a terribly stupid thing to have happen, to have Singlaub go out and say this to Pastora.

Of course, we were only interested in the political aspects of it.

Q Have you had reason to think or heard rumors to the effect that Singlaub was sent in there at the encouragement of the CIA at higher levels in order to effectuate bringing Pastora out of the bush so to speak, and ultimately to weaken him?

A That is inconceivable because on the question of Pastora, there was no difference of opinion between C [redacted] and me and I can't imagine what level of CIA beyond C [redacted] would even have considered such a thing.

And I, frankly, never heard of a link between Singlaub and North.

Q Did you ever have any dealings with a fellow named Max Gomez or Felix Rodriguez?

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A Yes.

Q On more than a couple of occassions or limited?

A Let me tell you about Felix Rodriguez. [redacted]

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[redacted]

I never saw him again. I talked to him once on the phone, sometime last year in 1986, when I understood that he was creating problems [redacted] or he was getting himself involved with the FDN versus the southern versus the private benefactor and so forth and Quíntero gave me his telephone number in Miami and in Miami I called to try and get him to back off from getting involved in all these problems or creating problems.

Once I got him on the phone, I heard this voice again and he is a very argumentative, very forceful guy and I said I am not going to get into it. I said, [redacted] I just want to give you amambrazo, a hug, good luck to you, ciao, regards. I never talked to him about it. It is a long story, but because there has been too much in the press about Max Gomez and this and that, I wanted to get it on the record.

Q Do you have any evidence or any knowledge or reason to believe that Oliver North pocketed any money?

A Absolutely not. None. No.

Q No reason to believe that?

A No.

Q How about Rob Owen?

A I don't know.

Q You never saw any evidence to indicate that?

A No.

Q How about Lew Tambs?

A No.

Q How about Chichi Quintero?

A I don't know.

[redacted]

Q You, yourself, never received any money in any way, shape or form?

A Absolutely not, except for 68 or $80 for the oil. That is all. That I testified before about. Not a nickel, sir.

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Q I just want that to be clear on the record. With respect to Elliott Abrams, did you ever have any personal dealings with him?

A No personal dealings. Professional.

Q I mean in any way, shape or form. Did you ever meet with him?

A I met with him [redacted] on several occasions, when I briefed him, he brought up about point west. In the Ambassador's office, in the Ambassador's residence at briefings, [redacted] the conference of all the ambassadors and State Department people.

Q With regard to Abrams, did you have any reason to believe that he was aware by anything he said or did that he was aware of lethal supplies being provided to the contras?

A Specifically, no. My impression, I assumed he was.

Q The assumption was based upon your dealings with C [redacted]

A He gets copies of my intelligence reports and he knew that deliveries were being made and that they were private benefactors, because the intel report said so, so I have to assume that he knew.

Do I know specifically that he read them? No.

Q Did North or C [redacted] ever indicate to you that they had specifically briefed the President on the receipt of lethal supplies by the contra forces?

A No.

Q Do you have any reason to beleive the President was briefed in that regard?

A On lethal supplies to the contras? I know that C [redacted] briefed the President because either he told me or somebody told me that he had gone in for a briefing but it was an agency briefing and I don't know what was said in that briefing.

Q So it may or may not have related to lethal supply of contras.

Did Oliver North ever give you either in writing or orally a legal opinion that he had received from any lawyer with regard to the legality of his conduct or the conduct of any others who were assisting him in the resupply effort of the contras?

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A I only asked him about my own situation; is what I am doing legal? He said, yes it is legal, you are only passing information. There are certain words that remain with you for a long time and those I certainly remember.

And he repeated that more than once. When I said are you sure, he said, yes, yes, it is legal.

Q When he commented did he refer to any legal opinion he had received from a private or government lawyer?

A If he did, I don't recall it.

Q Now, given the fact that North is not a lawyer, were you satisfied in asking him alone as to whether what you were doing was legal?

A This was also backed up by my own office.

Q [redacted]

A specifically told me that passing information for the secure delivery of supplies was legal. L [redacted]

Q Let me stop you there a second. Lethal supplies?

A Supplies. We are talking lethal supplies. Humanitarian supplies, there is no question.

Q Your clear understanding when you spoke with C [redacted] was that he was commenting upon the delivery of lethal supplies?

A Yes.

Q When would that have been, approximately?

A 1986. I don't remember. But you know, there is no -- there was never a question in my mind about humanitarian supplies obviously, so when we were talking about legality concerning supplies we are specifically talking about lethal supplies and in providing information for the safe delivery of lethal supplies, that was specifically a point that [redacted] addressed with me.

Q Okay. Fine. And nobody else at the agency?

A As I said earlier, where there was a question was in the question of legality, it was in a question of political propriety, in other words, we didn't want to antagonize ~~antagonate~~ the Congress at a time when here we were getting close to a vote where it might have been misunderstood or misinterpreted.

Q So essentially you are saying, if I understand you correctly, you didn't have any reason to think that you were doing anything illegal at any point in time?

A Absolutely not. It has been brought to my attention a comment that I had made I believe to the Senate, at some point when the Indians were promised by us and given communications equipment, which was authorized, they were going to take it up -- they didn't have a way to take it [redacted] up the coast and into Nicaragua, so they came and said we need a boat and we need two motors to put on the dugout. And I went to headquarters and I said since they have got to transport this communications equipment up there, can we give them more than for a boat and the two motors so they can transport it; and they said, yes. Can they take up medical supplies, yes. And food, yes. Then they came to us and said since we have the boat, the motor, the communications equipment and the medical supplies to carry up their, we can't carry it up unless we have guns to take along with us to protect this stuff.

I said that is a perfectly reasonable argument but I could also see where there was a question of legality, because we weren't allowed to provide military equipment. So I sent a cable to headquarters and I asked them for a suggestion or a decision, what do we do? They came back and said, why don't you ask them to ask Negro Chamorro to give them the guns that they need to protect themselves while they are going up the coast, and that was how we handled that particular thing.

So we were very cautious about our position concerning the legal questions involved in this.

Q Who did you get that response from?

A From headquarters.

C

Q From [redacted]

A Either him or his designee.

Q And that was a while after you began your first involvement in all these things?

jm 4

A Sure. This was during the period after the humanitarian aid, the communications aid had been authorized by Congress. You can see where it was a legitimate question on the part of both the people carrying the equipment up and [redacted]

Q Absolutely

A But yet it did cross the line. So we were conscious of it. The other question which has not been raised here yet is the question, did I direct any military operations. I did not direct any military operations.

We reacted to whatever the commanders inside needed or when they -- or to what their situation was. They were the ones who told us [redacted] and we related it to the private benefactors, or to Washington in the case of an intelligence report.

Q Thank you.

MR. EGGLESTON: I am finished.

Thank you very much. We appreciate you coming down.

(Whereupon, at 2:30 p.m., the deposition concluded.)

end jm

Witness "W" Court order

DENIED IN
TOTAL

5765

26 MAR 86

N 7110

UNCLASSIFIED [redacted]

4/20/87

BEGIN TEXT OF BACK CHANNEL.

C

CIA FOR [redacted] C/LA/CATF
DEPARTMENT OF STATE FOR ASSISTANT SECRETARY ABRAMS
WHITE HOUSE FOR COLONEL OLIVER NORTH

SUBJECT PASTORA/SINGLAUB AGREEMENT

ON SUNDAY 23 MARCH 86 GENERAL JOHN SINGLAUB AND PARTY ARRIVED [redacted] AT REQUEST OF SENATOR JESSIE HELMS TO ASSESS THE SITUATION OF EDEN PASTORA AND HIS TROOPS ON 24 MARCH THE SIGNLAUB PARTY CROSSED THE NICARAGUAN BORDER AND VISITED A PASTORA CAMP [redacted] CAMP CONTAINED MAXIMUM OF 230 MEN UNDER COMMAND OF ADOLFO POPO CHAMORRO (FYI NP COMMENT POPO CHAMORRO IS ALLEGED [redacted] TO BE INVOLVED IN DRUG TRAFFICKING

LATE 25 MARCH SINGLAUB PARTY [redacted] GENERAL SINGLAUB CALLED AMBASSADOR TAMBS AND ARRANGED FOR MEETING AT EMBASSY 0930 HOURS LOCAL 26 MARCH

MEETING ON 26 MARCH CONSISTED OF BRIEFING OF SINGLAUB BY AMBASSADOR [redacted] ON PASTORA'S HISTORY AS SPOILER IT WAS AGREED THAT IF SINGLAUB COULD OBTAIN PASTORA'S WRITTEN AGREEMENT TO MEET CERTAIN CONDITIONS PASTORA SHOULD RECEIVE SUPPLIES VIA UNO.

5766

LATE 26 MARCH SINGLAUB AND PASTORA SIGNED FOLLOWING

Partially Declassified/Released on 20 Jan 88
under provisions of E.O. 12356
K. Johnson, National Security Council

UNCLASSIFIED

NODIS NODIS NODIS

UNCLASSIFIED

N 7111

AGREEMENT

BEGIN QUOTE DATE MARCH 26 1986

THIS MEMO IS TO ACKNOWLEDGE THE AGREEMENT MADE THIS DAY BETWEEN MAJOR GENERAL JOHN K SINGLAUB USA RET AND COMMANDER EDEN PASTORA

THE AGREEMENT IS AS FOLLOWS:

THE UNITED STATES WILL PROVIDE

1 BOOTS
2 FOOD
3 AMMUNITION
4 MEDICINE
5 MAPS
6 ENCRYPTED COMMUNICATIONS SYSTEMS

7 MILITARY NEEDS FOR PASTORA'S TROOPS INCLUDING NEW MEN WHO JOIN HIS ARMY
8 TRAINING ADVISORS

THE ABOVE PROVISIONS ARE BASED ON THE FOLLOWING AGREED COMMITMENTS FROM PASTORA

1 PASTORA WILL LEAVE WITH HIS TROOPS [redacted] PASTORA WILL LEAD HIS MEN [redacted] INSIDE NICARAGUA

2 PASTORA WILLINGLY WILL ACT IN COOPERATIVE AND GOOD FAITH MANNER WITH THE OTHER ELEMENTS OF THE NICARAGUA RESISTANCE

3 PASTORA WILLINGLY WILL ACT IN A COOPERATIVE AND GOOD FAITH MANNER WITH THE ADVISORS SENT TO TRAIN HIS MEN

UNCLASSIFIED

TOP SECRET

NO IS NODI NODIS

UNCLASSIFIED N 7112

IN THE FOLLOWING SKILLS

A COMMUNICATIONS
B INDIRECT FIRE TECHNIQUES
C DEMOLITIONS EXPLOSIVES
D LOGISTICS
E RANGER TRAINING

4 PASTORA AGREES TO TRAVEL TO EUROPE SOUTH AMERICA AND OTHER CENTRAL AMERICAN COUNTRIES TO EXPLAIN THE TRUE NATURE OF THE MARXIST LENINIST SANDINISTA GOVERNMENT THESE TRIPS WILL BEGIN TO TAKE PLACE AFTER HE HAS MOVED HIS TROOPS AND RESTORED HIS ARMY INTO A STRONG FIGHTING FORCE

SIGNED JOHN K SINGLAUB
SIGNED EDEN PASTORA END QUOTE

AMBASSADOR S COMMENT IN SPITE OF WRITTEN AGREEMENT WE HAVE RESERVATIONS THAT PASTORA WILL COMPLY HOWEVER SINCE SINGLAUB IS ENVOY OF SENATOR HELMS AND WILL REPORT TO HELMS HIS OBSERVATIONS AND HIS OWN RESERVATIONS UPON RETURN TO WASHINGTON HELMS MAY RE EVALUATE HIS POSITION REGARDING PASTORA SINGLAUB AND HIS COLLEAGUE BARBARA F STUDLEY ASSURED SIC AMBASSADOR THAT PASTORA AGREED THAT ALL SUPPLIES EQUIPMENT/TRAINING WILL BE DELIVERED PROVIDED VIA UNO NOTHING WILL BE DELIVERED UNTIL PASTORA S MEN ARE MOVED INSIDE NICARAGUA

SINGINGLAUB PARTY LEFT 27 MARCH FOR [redacted] AND WILL DEPART [redacted] 29 MARCH FOR [redacted] WHERE HE PLANS TO REMAIN UNTIL 3 APRIL END BACK CHANNEL

UNCLASSIFIED

4 JUN 85

Witness "W" Exhibit # 2

(One page)

DENIED IN
TOTAL

dtd: 4 JUN 85
- PROF NOTE -

C 3048
C11N 1501

(5767)

7 Aug 85

WITNESS "W" Exhibit #3

(Two Pages)

DENIED IN
Total

dtd: 7 Aug 85
- PROF NOTE -

C 3061 - C 3062

C11N 1508

5768

13 Aug 85

Witness "W" Exhibit 4

(Three pages)

DENIED IN
TOTAL

dtd: 13 Aug85

C 1261 - C 1263

C11N 900

5769

12 APR 86 5

UNCLASSIFIED [redacted]

[redacted] 4/12/86 1200

4/20/87 (F)

C 5166

1030 hours [redacted] April 12. Per UNO South Force, drop successfully completed in 15 minutes. Force requested to send full report/ inventory. When told, [redacted] almost cried in grateful appreciation. Our plans during next 2-3 weeks includes air drop [redacted] maritime deliveries NHAO supplies to same, NHAO air drop to UNO South, but w/certified air worthy aircraft, lethal drop to UNO South, [redacted] visit to UNO South Force with photogs, UNO newspapers, caps and shirts, and transfer of 80 UNO/FARN recruits [redacted] carrying all remaining cached lethal materiel to join UNO South Force. My objective is creation of 2,500 man force which can strike northwest and link-up with quiche to form solid southern force. Likewise, envisage formidable opposition on Atlantic Coast resupplied at or by sea. Realize this may be overly ambitious planning but with your help, believe we can pull it off.

New subject. AFP story appeared in morning paper [redacted] on U.S. attorney south Florida investigation arms, drugs traffic involving insurgents and U.S. sympathisizers. Terrell, CMA named. Focus on Mar 1985 shipment ft. Lauderdale [redacted] via [redacted]

New subject. Ref Cruz split. Why not offer Cruz provisional presidency in secret agreement signed by principals?

Regards, DV. BT

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under provisions of E.O. 12356
by K. Johnson, National Security Council

5770

15 MAR 86

[redacted] C - 6
4/20/87
Ⓖ

C 5167

~~TOP SECRET~~

UNCLASSIFIED

[redacted] 4/15/86 2000

Delivered to [redacted] by 707 yesterday is a plane load of ordnance for your friends. Ammo aboard includes [redacted] rds of 7.62 x 39 and a like amt of 51. Also have [redacted] M-26 hand grenades, ancillary items for the C-4 plastic explosives -- blastic caps, det cord, etc., and [redacted] light machine gunds w/ [redacted] rds of linked ammo and a [redacted] anti-personnel mines for use in ambushes. When and where do you want this stuff. We are prepared to deliver as soon as you call for it. Is there an UNO/FARN communicator being placed in [redacted] If so, please have this guy coordinate with Ralph so that we have things wired together. Also wish to note my guys are flying without any intel. Can we do something about getting them the radar profiles of Nic AAA radars, etc. BT

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by K. Johnson, National Security Council

5771

~~TOP SECRET~~

UNCLASSIFIED

JUN 86

[redacted] 4/20/87 7

~~SECRET~~ UNCLASSIFIED (P)

C 5176

[redacted]

[redacted]

The pilots and repair people are talking about a week to ten days before they can use the C-123 again and that is only if we are able to find the necessary part very quickly. The dual navigation systems aboard the aircraft showed them to be within 1 to 1.5 MI of the DZ for over 40 minutes. They were never able to see zone lights and never had contact on the radio on either channel. The pilots never had the agreed upon proposed run-in heading, possible enemy locations or recommended pull out direction to avoid enemy fire. The pilots described the fire as intense AA MG fire, probably 12.7. We are committed to commencing drops to the FDN by C-7 tomorrow night but can delay for one night to do your drop if we can get the necessary info for the pilots. To facilitate, have asked Ralph to proceed immediately to your location. I do not think we ought to contemplate these operations [redacted]out him being on scene. Too many things go wrong that th[redacted]rectly involve you and me in [redacted] of us. We still don't know what [redacted] mountain leprosy. I was asked to provide 1500 doses for inclusion in the drop and we don't even know what we are supposed to be providing. I know we can do better; we have got to if these brave people -- the fighters and the pilots are to survive the experience. Help. BT NORTH

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under provisions of E.O. 12356
by K. Johnson, National Security Council

~~SECRET~~ UNCLASSIFIED (5772)

C 41 1090

UNCLASSIFIED

20 JUN 86 8

4/28/87 2 July 1917 ED[redacted] (S)

C 5179

2008 Hours 30 June.

Status of main UNO south force deteriorated badly past 7 days. Radio msge extremely bitter, accusing us of playing with lives. Force unable find 5 bundl[redacted]y search. Now do not believe bundles dropped. Force ta[redacted]ies. numbered captured rising. Cite 2 Cubans among other: 3 Important comdrs retreat to Rio San Juan so expect cross today. Mtn leprosy widespread, complicated by lack medicine, food, clothes, ammo. Bottom line rupture fragile alliance ARDE with UNO. due inability resupply. Force believes fault ours they vehemently reject our reasons. Even so we making new effort, sending two qualified men by boat 1 July. One to Comdr Gonzo, one to Comdr Ramon to set up secure DZ area and organize reception. Expect Gonzo will be quickly organized. Request you come work with us. Need July cassette. [redacted]

From Ralph: Planning to go to [redacted] on Monday to assess situation and assist [redacted] on request x depending on our availability. Advise on construction plans since I am supposed to give money to Ramone for regular expenses. I do not think I will have enough to cover any extras. V

[redacted]

5773

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UNCLASSIFIED

CLIP
N99-143
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STENOGRAPHIC MINUTES
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Duplication

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HSITS 017/87

DEPOSITION OF GEORGE W. CAVE

Friday, April 17, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D. C.

Committee Hearings
of the
U.S. HOUSE OF REPRESENTATIVES

Partially Declassified/Released on DEC 17, 1987
under provisions of E.O. 12356
by D. Sirko, National Security Council

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DEPOSITION OF GEORGE W. CAVE

Friday, April 17, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D. C.

The Committee met, pursuant to call, at 10:04 a.m., in Room H-128, the Capitol, with W. Neil Eggleston (Deputy Chief Counsel of House Select Committee) presiding.

Present: W. Neil Eggleston, Deputy Chief Counsel, Richard L. Leon, Deputy Chief Minority Counsel and George Van Cleve, Deputy Minority Counsel, on behalf of the House Select Committee on Covert Arms Transactions with Iran; Timothy Woodcock, Associate Counsel, on behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition; David M. Pearline, Legislative Liaison and E. Page Moffett, Assistant General Counsel, on behalf of the Central Intelligence Agency.

Partially Declassified/Released on Dec 12 [illegible]
under provisions of E.O. 12356
by [illegible], National Security Council

Whereupon, GEORGE W. CAVE, after having been first duly sworn, was called as a witness and testified as follows:

EXAMINATION

BY MR. EGGLESTON:

Q Thank you for appearing here today, Mr. Cave. My name is Neil Eggleston, Deputy Chief Counsel of the House Select Committee to Investigate Covert Arms Transactions with Iran. Also present from the House Committee is Richard Leon, Deputy Chief Minority Counsel; from the Senate Committee -- which exact name I cannot remember -- is Tim Woodcock.

We thank you for being here today. Let me tell you during the course of the deposition I will ask you a number of questions first about your own background, then about some of your early involvement in the Iran Initiative and then I would like to ask you questions taking you through your participation in the various meetings, phone calls and various events that were -- took place in order to fulfill the Initiative.

Why don't you just start, if you would, by telling us a little about your own background in the Central Intelligence Agency, when you started, some of your overseas assignments, when you left, up to the time that you, I guess, resigned from the Agency or retired or whatever.

A I spent -- after getting out of the Hershey Industrial School in 1947, I spent five years in the military, all of which was either with the Army Security Agency, and then assigned to the Armed Forces Security Agency; and then when the National Security Agency was formed, I was one of the first military detailees to it in 1951.

I got out in May of 1952 and went to college the following fall. Graduated from college in '56 and joined the Agency. Entered on duty I think October 1956.

[redacted]

[redacted]

[redacted]

[redacted] And then decided to retire in February of 1980.

I retired [redacted] and I have been a consultant to the Agency ever since on Iran [redacted]

Q Let me ask you what foreign languages -- I think I should probably ask it have you spoken or do you speak?

A Persian and Arabic, fluently, although the Arabic is getting rusty. I haven't spoken it in ten years. I was very fluent in both languages at one time. I am still very fluent in Persian. I speak a little bit of French. That is all. And some Urdu.

Q Some Urdu?

A Yes.

Q So I can complete the rest of your time period, you retired from the Agency, at what time?

A February 29, 1980.

Q And what kinds of assignments have you had then between February of 1980 and March of 1986?

A It is --

Q Generally.

A Almost 90 percent Iranian operations [redacted]

Q Let me ask you during the period of time that you were -- had been associated with the Central Intelligence Agency, have you come to know a man by the name of Ghorbanifar?

A Oh, yes. Yes.

Q And when did you first have dealings with Mr. Ghorbanifar?

A Our first dealings with Ghorbanifar go back to I think January of 1980. When he first came across our sights.

Q Were you personally involved with him at that time or was that the time the Agency first became involved?

A I met with him in -- once in 1980. I think in August 1980. I met with him one other time, I think, just to get a better assessment of him. Because we had been getting -- we had had a case officer in contact with him [redacted] His information was such that some of it appeared to be good, but a lot of it just didn't check out.

[redacted]

[redacted]

[redacted] And on my recommendation, we terminated our operational relationship with him in I think September of 1981 [redacted]

Q During the period of time then from 1980 to 1981, at the time you terminated your operation with him, was he providing terrorist type information?

A Yes. He was, oh, providing us information on the organization of Iranian terrorism and attempts to export the revolution. Also, some political information on what was going on inside. The problem we found out was a lot of it didn't check out.

Q And --

A And also making exorbitant demands.

Q Financial demands?

A Yes.

Q When you say the Agency terminated its operational relationship with him, was that your decision?

A It was my recommendation. It was accepted.

Q Who is it in the Agency who would make a decision, who actually would have made that decision?

A Well, normally this would be [redacted] that is concerned. It is [redacted] concern, [redacted] would concur with the decision. Headquarters almost always goes -- it goes back to the division responsible in Headquarters. They would concur. Normally, if the field determines that the guy is not worth running, and wants to terminate him, no one objects.

Q I take it that there would be some reflection in his file he had been terminated?

A That is correct.

Q I take it something must then happen such that the Agency became involved with him again after that time?

A Yes. We became involved with him again in the spring of 1984 when he reported on Iranian attempts to infiltrate terrorist groups into the United States.

Q And did you have contact with him at that time?

A No. I didn't have contact with him at that time. But I was aware of what was going on and was highly suspicous of the information he was providing. So we decided to give him a polygraph test.

Q This was in the spring of '84?

A Yes. I think we gave him a polygraph test in June or July of 1984.

Q It is my understanding there were a total of three polygraphs given to Ghorbanifar.

A Yes.

Q Was this the second?

A No. This was the first. We did not polygraph him during our previous arrangement [redacted] The first polygraph I think was in June or July. He flunked it. Because some of the information that he had, that he had given us indicated that the Iranians were attempting to infiltrate a team to assassinate senior U.S. officials, including the President, at the request of the Secret Service we gave him another polygraph. That was in August or September of 1984, I believe. At which he also flunked.

Q As a result of those, the information that he had provided, that turned out not to be truthful, I take it --

A That is correct.

Q A fabricat~~or~~ion notice was issued after that?

A A fabrication notice was issued after that.

Q Let me show you for the record, there is a number, I will use the CIIN number. As I talk about these I will refer to them by the CIIN number.

This has been marked by the Agency as number 511. Is that the fabricator notice sent out on him?

A Yes.

Q Are you responsible, were you responsible for sending out the fabricator notice?

A No. You see, as a consultant, you have really no authority to take executive decisions. These I think are put out by a staff, [redacted] not by the operating division.

Q Were you consulted about whether or not to send a fabricator notice on him?

A I don't recall being consulted. I would certainly not have objected to it.

Yes. Correct. We terminated our relationship in September. [redacted]

Q The fabricator notice makes reference to one of his aliases as Mr. Kralis?

A Yes. He has a Greek passport.

Q I notice it also seems to indicate there was some belief he was in touch with Israeli intelligence services?

A Yes.

Q Do you know why that conclusion was made?

A One of the most interesting things about

Ghorbanifar is up to the time of the Iran initiative he never told us about his Israeli connections. We knew about him because he had been with Star Shipping. He was the Iranian Director of Star Shipping which was a joint Iranian-Iraeli concern with heavy intelligence overtones.

Q It was based on that association that the Agency concluded that he had Israeli intelligence associations?

A Yes. He was also -- that is where he got the nickname [redacted]i.

Q Let me ask you to put a date on it. When is the first time, in '85 or '86 that you learned that the United States government has renewed its dealings with Mr. Ghorbanifar?

A The first -- it is in early January. I was --

Q Early January of '86?

A '86. I was told that Ghorbanifar had provided extensive information on terrorist -- Iranian terrorist activities to Charles Allen. I looked at some of the material and didn't believe it. It was similar to the kind of things he told us before. A mixture of truth. When Ghorbanifar does something like that, he is setting you up or somebody up to make -- not necessarily you -- to make a lot of money.

It was decided to give him a polygraph test on this and I and the polygraph operator and the counterintelligence analyst worked for two days coming up with the questions for the polygraph. I think the polygraph was given on the 17th of January.

Q I think it was given on the 11th.

A [redacted] The 11th. Maybe it was the report on the polygraph that was filed later. In any case, he really flunked it. We knew -- I knew what kind of questions to ask. He really flunked that one. He showed deception -- clear deception on 13 of the questions we asked and the others, two were inconclusive. As I said before, he got his name right[redacted]

Q During the fall of 1985, I take it you were still working on Iranian matters?

A Yes, I was.

Q Was that generally related to the hostages?

A Not so much because the hostages -- the hostage question was really being handled by the counterterrorist people. Since it was in Lebanon -- [redacted]

Q But during -- between July and early -- between July of 1985 and early January of 1986, I take it you were not consulted about Mr. Ghorbanifar?

A No. I was not consulted until early January when we put together the polygraph test for him.

Q Let me get to the polygraph test in a second. I want to show you two documents and ask you whether or not during the period of time that you were working on this, whether either one of these came across your desk. Here is CIIN #1034. That is a cable dated July '85.

A I don't recall seeing this.

Q Have you seen it -- ever seen it prior to just this minute?

A No. I don't recall seeing it. But that is -- most of the time I would be overseas. I would just come in to get a briefing. I did not spend much time in Headquarters.

Q Let me just also show you for perhaps the same purpose CIIN #1033, which is a document addressed to Arnie and signed by, it appears, Peter. It is dated July 11 of 1985. Do you know who Arnie and Peter are?

A Arnie? The only Arnie I can think of that would be there would be [redacted] I don't recall seeing this document.

Q It is another document which refers to [redacted] and Manucher, however you pronounce the first name.

A Manucher. I don't know who the Peter would refer to.

Q Okay.

How did you come to be involved in -- who asked you to participate then in designing the questions for the polygraph? How did that come about?

A I forget who was the -- it would be the Iranian branch chief at the time. I was back here in Headquarters area and I cannot recall who it was at the time. But that is who it would have been.

Q You mean the person on the Iranian desk?

A Yes, head of the Iranian branch.

Q I will just say was the person you are thinking about [redacted]

A Probably. Probably [redacted]

Q You knew [redacted] I take it?

A Yes. Very well.

Q But it was no one at a different level? It wasn't [redacted] Clair George? You think the request for assistance came from [redacted]

A Yes, I think it did. Based on his files, he said you seem to know as much about this guy as anyone. Why don't you help us out on the research on the polygraph for him.

Q Let me ask you sort of the state of your knowledge as of the time you were asked to help out on that. By that tim[redacted] on December 22 of 1985 had conducted a fairly lengthy interview of Ghorbanifar at Ledeen's, Michael Ledeen's home. Were you aware of that?

A Yes, he told me about it after the fact.

Q He did a memorandum on that meeting. Had you read the memorandum, or did you read the memorandum?

A Yes. I am pretty sure I did. I would have had to.

Q To help design the questions?

A To design the polygraph.

Q I take it then by that time you were aware Mr. Ghorbanifar had been involved in some fashion in fall arms shipments and negotiations about release of hostages?

A I'm not sure if I was. I think the specific things that we were concerned about, as I recall -- yes. That is true.

Q Because it was in [redacted] memo.

A Yes. I recall now. What we were -- as you probably know from looking at the polygraph, we were focusing on one part of it on his information on terrorism and Iranian -- and also as that concerned the taking of the hostages.

Q And was it -- what was it -- did you have an understanding about the reason that you were being asked to conduct this polygraph? Did you have any understanding about what it was anticipated anyone would use Ghorbanifar for?

A It was crucial that we determine the accuracy of the information he was passing.

Q Prior to the time that the polygraph was taken, did you speak to [redacted] or Clair George or anyone about your views about Ghorbanifar?

A No.

Q Were they solicited by anyone?

A I don't recall.

Q Did you make your views on Ghorbanifar known tc [redacted]

A Oh, yes. I think [redacted] shared my views. He thought the guy was, after having met with him, was a charlatan.

Q Did you understand that there was thought to use him or to continue to use him on the hostage release aspect?

A No. In fact, I was very alarmed by it when I found out about it on the 5th of March.

Q You thought what you were doing is evaluating him for further information about counterterrorism?

A Yes. And that once -- I assumed once the -- see, I got the flu. I was supposed to be at the polygraph session and wasn't able to make it. And so after coming back and hearing -- talking to the operator, I assumed that all our relationships with Ghorbanifar were therefore terminated.

Q The polygraph examination itself was on January 11th, I think, of '86. Then -- you were sick on the 11th?

A Yes. I couldn't make it. I was really in bad shape.

Q When did you first learn that he had failed all the questions except his name?

A When I got back into Headquarters a couple days later.

Q Who did you learn it from?

A I think it was [redacted] who told me.

Q Do you recall -- did you speak about Ghorbanifar then with anyone other than [redacted] Did you have conversations with -- were there any meetings about it that you recall?

A No. I don't remember speaking specifically about it. I thought that that ended the matter.

Q There was a meeting which took place on the 12th of January in Clair George's office. There was discussion at that meeting about the polygraph result and what to do and various things like that. Did you attend that meeting?

A I don't recall attending it, no.

Q Within a few days after that, maybe the day after that meeting, Charles Allen actually meets with Ghorbanifar again and has a long session with him. Did you know that that was taking place?

A Not at the time, no.

Q You didn't learn that until after March 5th?

A That is right.

Q Let me just ask you -- raise it up to March 5th, but ask you between mid-January of 1986 and March 5th of 1986, do you have any further dealings with Ghorbanifar, conversations about Ghorbanifar, what to do with him, were you consulted about him in any fashion?

A I don't recall because -- I am sure. The revelation on Marvh 5 when I was first briefed was quite a shock.

Q You now know there was a shipment of a thousand TOWs in mid-February from the United States through various whatever hands and routes to Iran. Were you aware of that at the time it was taking place?

A No, I wasn't.

Q Let me direct your attention then to Mar~~t~~ch 5 of '86. Could you tell us how it was that you were brought into this operation, where it took place, who was present?

A [redacted] called me in and said that -- asked me how I would like to meet Rafsanjani. I said well, what is the story? He gave me a briefing that the NSC has been involved with the Israelis in an operation which we -- which has several goals; one of them is for us to reestablish a strategic dialogue with the Iranians leading to the normalization of relations and also hopefully get the hostages released. That was sort of the summation of the briefing.

Q Who else was present at the briefing?

A I was introduced as I recall to Charlie Allen later that day. There was a discussion with [redacted] Charlie, and I. I think also I met Ollie North -- came over in the afternoon, that ~~afternoon~~.

Q You think you met Ollie North then on March 5th?

A Yes. On March 5th.

Q Is that the first time you ever met North?

A Yes.

Q I get the impression that was the first time you met Charles Allen?

A I heard about Charlie. I knew who he was. I never had anything to do with him personally or operationally.

Q How long did the -- what was [redacted] title at the time that this meeting took place? Was he Chief of the Near East Division?

A I can't remember whether he was chief or the deputy chief.

Q How long --

A Shortly thereafter he was chief I know.

Q How long did this conversation last?

A I cannot honestly remember.

Q What was your reaction when you were told about this initiative? Did you say anything?

A Well, I thought the idea of initiative -- because I had long believed and -- that we needed a dialogue with the Iranians and also we had several indications from other operations that were going on that the Iranians -- at least it was an indication there was some interest on the part of the Iranians. That part of it I felt was good.

The question of arms for hostages -- using the arms for us to establish our bona fides and their getting the hostages released to establish their bona fides was a policy decision made elsewhere and didn't concern me. My real worry was we were relying heavily on one, Ghorbanifar, who / to this day cannot be trusted and, secondly, the Israelis, who had different goals in this.

Almost as I got briefed -- you know, most of the initiative was still in the hands of the Israelis.

Q What did you understand or was your view about the different goals the Israelis had as opposed to the goals of the United States?

A Well, for the Israelis, I don't know if you are aware of it, but the Israelis under the Shah had an excellent relationship with the Iranians [redacted]

Q So what -- as of this time period, the post-Shah Iran, what were your views about how the Israeli interests differ and how that should affect our judgment about how to proceed?

A Well, the Israeli interest, of course, were as long as Iran is fighting Iraq, you go back to the '73 war, the fact that Iran [redacted] and Israeli help was able to tie down a great portion of the Iraqi army. That was a great help for Israel during the '73 war. Iraq was not able to fulfill its military obligations to the Arabs during that war.

The strategic situation, given the war with Iraq, was such as that the Israelis were providing [redacted]

[redacted] to the Iranians and would like to have done a lot more. To them, an Iranian defeat of Iraq is perfectly all right. The last thing they would like to see is an Iraqi victory which would strengthen the Arab hand. They also by this time had learned, I think, that given the situation in Tehran, there was no way they could get back to the same kind of relationship with Iran unless the United States was able to do some brokering for them.

This is why -- I think this is why they pursued this so aggressively, this initiative.

Q What kind of assistance did you understand Israel to have given to Iran up to this time? Military assistance?

A Yes. We had had reporting [redacted] that the Israelis had provided considerable amount of assistance to the Iranians. [redacted] I think the problem came, for Israel, probably in late 1984 when the Revolutionary Guard became the supreme military power in Iran.

Q [redacted]

A

Q [redacted]

A

And to -- when you get to the Rev Guards, you get to the groups who find Israel an anathema.

Q At this meeting with [redacted] and others, what were you told about the Israeli role in the initiative up to that time, if you recall?

A I was told about the fact that the -- it wasn't a full briefing. I was told we were involved with the Israelis and that a special office in the Prime Minister's office headed by their counterterrorist man, General Nir, was the point man. And I didn't -- was not able to brief myself on all the details until some time later.

Q Do you recall at that time were you told about the prior arms shipments? First, about the February arms shipment? Had you been told about that?

A I think I found that out the next day.

Q Let me get to that.

A [redacted] told me I want you to read up on several things that have happened.

Q Were you told then, still directing your attention to March 5, were you told about the fall of '85 shipments, the HAWK shipment, and the TOWs from earlier in the fall?

A I don't think I was. I don't recall being told at that time.

Q When you said that Oliver North came in at the end or in the afternoon on the 5th, was that after this meeting with [redacted] was over? A separate time?

A Yes. It was separate. I think I met with [redacted] in the morning. I can't remember when I met with Charlie. It was about that time.

Q Okay.

A And then Ollie came over. He, [redacted] and I met in the afternoon. I don't know whether Charlie attended that. I can't recall.

Q What was your understanding about why you were being brought into it?

A Well, several reasons. One is that they didn't want to have to rely on Ghorbanifar as a translator, because during the meetings when [redacted] went over, there were quite a bit of indications that Ghorbanifar wasn't translating accurately.

Same thing happened incidentally when we were in Tehran. So they decided they needed someone that spoke the language fluently, that they could trust to translate accurately; and second, they wanted someone that -- up to this point no one had been involved in this operation that understood anything about Iran or had ever set foot in Iran. Those are the two reasons given to me.

Q So in the afternoon you met with, you think, [redacted] and Oliver North, the afternoon of the 5th?

A That is correct.

Q Was that just a briefing as well?

A Yes. It was a short one because Ollie was involved in several other things. I saw him briefly the next day. I can't remember whether it was in his office or whether he came over to the building. We left that night.

Q You left the night of the 6th?

A That is when I think. Some people say we left the 7th, but I swear we left the night of the 6th.

MR. LEON: Left for where?

THE WITNESS: For Paris. It was the day the TWA strike started.

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BY MR. EGGLESTON:

Q This is the sixth or seventh, whichever. Colonel North's calendar seems to indicate you left in the evening. Seventh. Who knows? I take it you went over with Colonel North?

A Yes.

Q Who all went over together? You, North?

A [redacted] Ollie North, and myself.

Q Who did you meet with when you got to Paris?

A We went to the airport immediately, to one of the airport hotels. I don't know. [redacted] or the [redacted] one of the two. Nir and Ghorbanifar were at the hotel.

Q Did you meet them the next morning then?

A Yes. We got right off the plane and went right to the hotel. After the meeting we went back to the airport and flew back to the United States.

Q How long was the meeting?

A I guess we got to the hotel about 8:00 or 8:30. It went on until about noon when we rushed out to --

Q You caught the afternoon flight back?

A Caught the afternoon flight back.

Q Throughout the meeting, it was just the five of you?

A That is correct.

Q If you could summarize as best you recall, what was discussed at that meeting?

A We met briefly with Nir first who told us that Ghorbanifar had done a great job about lining up things with the Iranians, and then he was called in. We talked to him. Ghorbanifar said that he had a tentative agreement for us--for a delegation to go to Tehran and meet with senior officials. He said there is several things -- just in general terms, they are interested in talking about the Soviets [redacted]

He also spent an enormous amount of time telling us how none of this could happen without his participation; that he was the key man. I also recall separately asking Nir if they had done [redacted] assessment of Ghorbanifar to satisfy their faith in him. He asked me what do you mean? I said, "Well, we have some doubt, and I think if you haven't done it, you ought to."

I don't know if they ever followed up. They considered him their agent. They made that known.

Q Let me--

A They told us about that.

Q Let me show you what is marked as CIIN Number 251. Is this your report of the meeting on March -- is this a document prepared by you?

A Yes. This was -- when I got home that night, I thought that it was a good idea -- I just typed on the typwriter at home. I think I did this at home. Anyway, some things that I recalled happened.

Q There is kind of a summary of the meeting that took place?

A Yes.

Q At least part of what happened at this meeting is there was a discussion about organizing the trip by American officials to Tehran; is that correct?

A That is correct. Oh, and also it was at this meeting that Ghorbanifar told us that -- what they were desperately interested in is getting spares for their Hawks. He came up with this long list of 240 line items.

Q So this was the meeting -- this was one of the meetings at which the Hawk parts -- was it your understanding this was the first time Ghorbanifar had come up with this request for Hawk parts?

A First, I knew of.

Q Did he have a written list?

A He had a written list he had taken down over the phone and made up himself.

Q Did he provide you guys with the list?

A Yes.

Q Do you know approximately how many items it was at opposed to different kinds --

A There were 240 different items on the list. Some there were 10, 9. There is a figure somewhere about the total number of items, but I don't have it.

Q Who did you understand he had gotten this list from?

A From [redacted]

Q I take it you had not met [redacted] by this time?

A Oh, no. No.

Q Could we get that back and give it to the witness? Page 2, I think the last line of this document, why don't I refer you to paragraph 12. If we could ask how this conversation came up.

A Oh, yes. When he was talking about the deals [redacted]

I didn't know what he meant. I didn't question him. No one else did, the specifics of what he had in mind. He also, as an aside said, and also for Central America [redacted]

Q Well --

A Because it was Ghorbanifar, and it was money. I made a note of it just in case.

Q Let me ask you. As of this time, were you aware that one of Colonel North's other accounts, since that phrase is used, at the NSC was Central America and the contras?

A I don't think so. Because I met him briefly and we were discussing this. It wasn't until, I think, after we came back from this trip that I learned anything that was meaningful. Someone might have said he is concerned with terrorism or something else. They might have said that in brief. I didn't get any detailed knowledge of his other activities until after this trip. I am sure of that.

Q By this time, Charles Allen had interviewed, I think, at least twice Mr. Ghorbanifar. In fact, Ghorbanifar made some reference to Charles Allen about using profits from some [redacted] deal to help out Ollie's buys in Central America.

Were you aware of that as of this time?

A No.

Q Were you aware of that --

A I wasn't aware of it until now.

Q Right now you are not aware of it?

There is a question I forgot to ask you which is in preparation for this meeting. You indicated you had done some reading in order to get sort of up to speed, because you obviously knew other things had happened. What was it you read?

A I just looked at Ghorbanifar's 201 to make sure of the dates. When you asked me, remember, in the interview, I couldn't remember the dates of when we did what. I just--

that is all I read. That is the only thing I read.

Q So you didn't read information about N what had happened previously in 1985 and 1986?

A Oh, no. No.

Q There was --

A In his file. I went through his file. But none of that stuff was in the file.

Q Was there -- let me return then to the meeting of March 7 or 8 which took place in Paris. Was there any discussion at all during the course of that meeting about financing of this deal? How much the weapons -- how much the Hawk parts would cost?

A No. The only thing that -- what [redacted] and I said that we would find out the availability of the spares on the list and some preliminary information on what it was going to cost, because as I recall, it would take us a long time to get the costing from the military.

Q Was there any discussion, if you recall, about the method of financing, how it was Ghorbanifar was going to come up with the money, what he was going to do?

A Oh, no. Not at that meeting. In fact, that was entirely in his and Nir's hands.

Q That was entirely in his and Nir's hands?

A Yes.

Q This memorandum that I just showed you which has got the number 251 on it, what did you do with the memorandum after you wrote it up? Who would you have distributed the memorandum to?

A I suspect that the only people that ever saw it were at that time, [redacted] and [redacted] and I am sure I sent a copy to Ollie.

Q Did you think you sent a copy to Charles Allen?

A I am sure Charlie. By that -- shortly thereafter, I worked closely -- started working closely with Charlie on [redacted] to support the effort.

Q Where were you -- where was your office or where were you working out of at this time at the agency.

A I didn't really have an office.

Q That is why I was curious.

A I spent sometime going over [redacted] -- I spent a lot of time in Charlie's office going over [redacted] everything, partly because he was usually away and it was a quiet place, sometime on the Iranian branch, sometime in the chief N.E. front office.

Q Let me ask you another question about this meeting. During the course of the meeting, I want to get a sense of how far the planning for this United States delegation to Tehran went. Was there any discussion about who would go, why it was necessary?

A No.

Q Was it Ghorbanifar's idea? Was it our side's idea?

A My impression was that this had been in the mill for some time.

Q There had been prior discussions?

A Prior discussions. Because Ghorbanifar says that they have agreed in principle to the idea of a delegation coming to Tehran.

Q Okay. As of this meeting, no, it is clear that the meeting -- as of this meeting on March 7 or so, it is clear that the meeting that would take place would be a meeting in Tehran?

A No. Not necessarily. Because as you will recall later, the original venue was to be Kish Island.

Q Right. After you returned from this meeeting, did you meet with anyone? Did you meet with McFarlane or --

A It was much later on I met with -- I only met with McFarlane once before we went to Tehran. [redacted] and I went down to brief him.

Q That was substantially later than this?

A Oh, yes.

Q I don't want to ask you until we get to it in the chronology, but would that have been after the April meeting with Ghorbanifar in D.C.?

A Oh, yes.

Q Well, after?

A Yes.

Q When you came back then, did you brief anybody about the trip?

A I am sure it was after the -- yes. See, there was -- yes. It was.

In April, there was the possibility that Ollie and I would fly in with Ghorbanifar.

Q Right.

A That fell through.

Q Okay. Did you come back and brief Clair George or the director or anyone after returning from the trip to Paris in March?

A I can't honestly recall when the first time I met with the director on this operation was. I am not sure that I did meet with him right after this trip.

Q You met with him before the trip to Tehran, I take it?

A Oh, yes. Several times before we went to Tehran.

Q Do you know whether you met with him by the time Ghorbanifar came to the United States?

A Yes. I think I met with him by then. I can't remember precisely when it was. I don't keep diaries or anything.

Q Who is generally at the agency who is sort of the supervisor of this operation? Is i[redacted] Is it-- at what level is this being generally supervised? Who is the one who is primarily in charge?

A [redacted] I would say, is the best one to focus on.

Q Let me ask you, then, betw‧en this meeting on March 7 of 1986 and the meeting that took palce in early April of 1986, what activity did you have with regard to this? Do you recall?

A I think -- I had very little to do with it except to work to monitor the intelligence,[redacted]

Q Were you reading the intelligence that was coming in by this time?

A Yes, I was.

Q Had you gone back and read the previous intelligence [redacted]

A \ Yes. I reviewed most o[redacted] I don't think I went all the way back. It didn't concern me.

Q Did you have any -- this is now. I am sort of focusing on March up until early April of 1986. Did you have any telephone conversations with Ghorbanifar? Did he ever call you during this period of time?

A I don't think so. Most of the times, you know, when he called I gathered he either -- his usual contact was Charlie Allen.

Q You don't recall him calling you?

A No. He didn't have my home phone number.

Q Did he call -- you didn't have any contact, I take it with [redacted] either during this time?

A No. The first time I talked to [redacted] was when we were in London in May.

Q During this time period, was there any effort to figure out a way to get Ghorbanifar out of the operation?

A No. He was considered essential. Let me go into -- there are a couple of -- there was quite a bit of argumentation about this. The Israelis, particularly in the person of Nir, insisted on Ghorbanifar, for one thing. I was at the other end of it, insisting that he couldn't be trusted. There were other people that felt that you had to keep him in because since he -- because he would probably blow the whole thing.

He was investing a lot of money in this operation, so that he had to be kept in it. I was more concerned that, knowing Ghorbanifar, that Ghorbanifar works for Ghorbanifar, period, which is basically what we found out when we got to Tehran.

The interesting thing to me was that the Israelis were still insistent on it. He had to be used after the fiasco in Tehran.

Q What was the understanding of the reason the Israelis by this time are involved in this entire initiative in such a direct fashion; they are no longer -- by this time they are no longer directly providing any of the material. What was their role once you get involved?

A They were -- well, Nir kept a very tight rein on Ghorbanifar and the Israeli position was that they wanted to get as much out of this operation as possible also. There was quite a debate. You know, I made the point I thought it would be a terrible error for Nir to go to Tehran and it was decided that because of the way the Israeli pressure on this issue, that the only way that you could get him out was for the President to call Perez and ask him to say that he just can't go.

I think it was finally left up to McFarlane. He said, "Well, he has worked so hard on it, let him go."

Q Let me just ask you as of March of 1986, were you aware General Secord had been involved and was involved in this operation?

A No, not at that time.

Q How about Albert Hakim?

A No.

Q Did you know Hakim had attended previous meetings or Secord had attended previous meetings?

A Yes. Excuse me. I knew Hakim after I got -- was present in the February meetings in Europe.

Q Did you know Secord -- ~~but~~, so you were aware Hakim had some prior involvement in the operation?

A Yes.

Q How about Secord?

A It wasn't until sometime later I became aware Secord-- Dick was involved.

Q Before or after -- at least by the time of the Tehran trip you knew, because he shows up in Tel Aviv?

A Yes.

Q Okay.

A The first time I saw Dick was when we met in Tel Aviv.

Q You knew Secord?

A We were [redacted] but our paths didn't cross. We knew of each other, but had no business dealings with each other [redacted]

Q Did you have any understanding about what Hakim was doing, why he was involved in the February meetings?

A No not at that time.

Q Did you know Hakim before this time?

A I knew of him.

Q What did you know of him?

A That he was an extremely successful Iranian businessman, several cuts above Ghorbanifar. For an Iranian to have gotten the contracts and been able to put together the firm that he did in Tehran was quite an accomplishment.

Q But your knolwedge of him was basically he was an Iranian businessman?

A Yes.

Q You didn't know why it was that he became involved in this operation?

A No, not at that time.

Q Let me direct your attention to the meeting April 3 and 4 of 1986 that took place here. How did that meeting get set up and what was its purpose?

A Ghorbanifar, as I recall, called Charlie saying he was coming over on the third and had -- and also by this time we had information on the availability of the Hawk spares and also some preliminary pricing data.

Q Okay.

A So he came over on the third. We met him at the airport.

Q Who met him at the airport?

A Charlie Allen and I.

Q Where did you go?

A We put him at that Renaissance Hotel in Herndon, the Ramada Renaissance Hotel.

Q Okay. Did you meet with him that night?

A Yes. I met with him -- we met with him in the afternoon. [redacted] was there and then Ollie showed up later. We also had dinner at the hotel. It was [redacted] Ollie, and myself and Ghorbanifar.

Q Charlie Allen, too.

A I think Charlie had to go somewhere, as I recall.

Q So when -- sort of a substantive meeting took place, Charlie Allen was not present?

A As far as I recall, he wasn't.

Q How long did that meeting last?

A We had -- Charlie and I met him -- he was delayed in the airport because he was carrying $50,000 and he had to fill out all the forms and everything.

MR. LEON: What time did he arrive?

THE WITNESS: He arrived on -- it was a morning flight from London, as I recall.

BY MR. EGGLESTON:

Q Did he have $50,000 in cash?

A Yes.

Q Was it United States currency?

A Yes. We took him to the hotel and had lunch with him, then went back -[redacted] and I met with him and Ollie joined us later in the afternoon.

We gave him some data on what parts were available

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and what parts were no longer manufactured at that meeting. At that meeting, he again spent a lot of time telling us how he was essential to the operation and also gave us a better -- a clearer idea of who we would be meeting when we went to Tehran, and also that the venue -- proposed venue, I think was Kish Island.

Q Do you recall who he told you he thought you would be meeting during the Tehran trip?

A The problem with this is that some of the names came up, didn't come up until we got to London in May. I can't say precisely who he -- I can't recall precisely who he said at this meeting we would meet. I am sure it was Rafsanjani, and Prime Minister Musavi.

Q Let me show you what was Number CIIN 513 on it. Is this one of your reports, too? Is this the report of the meeting?

A Yes. This is mine. Oh, yes. They couldn't meet us in Kish. I know Kish was discussed at this meeting. Yes. This is mine.

Q It is a report of that meeting, I take it?

A That is correct. I haven't seen this in sometime.

Q Was there any discussion at this meeting about a pre-meeting involving lower level officials?

A I think this is the -- is where we discussed the possibility of Ollie, I and he flying in.

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Q Okay. Was that agreed upon?

A Well, we agreed to look into it. We came pretty close to going eventually, but it was finally -- I gather, as far as I know -- scotched by the White House.

Q Why don't I, since I am on that subject, jump ahead. What is it -- maybe just to place this in time, there is another meeting that you, I think, attend in early May.

A Yes. That was the final meeting before we went.

Q All right. Do you have any understanding about why the pre-meeting or a set up meeting was cancelled, not allowed to take place?

A I don't -- this was done at the White House or the NSC, the decision not to go. I was prepared to go. But who said in the final analysis, no, I can't tell you.

Q Did you think you ought to have a pre-meeting?

A I thought it wasn't a bad idea. Because having -- with all my Iranian experience and my mistrust of Ghorbanifar, I thought there was an awful lot of risk in us going in.

Q Personal risk?

A Yes.

Q Did you -- and I am getting out of my chronology-- think there was a personal risk in going in in late May with McFarlane?

A I thought the personal risk would be based entirely on what the radical faction would do if they found out that we were there, or if it became general knowledge that we were there.

Q So that it didn't really matter who it was, the problem was whether or not you would be discovered or not discovered?

A That is correct.

Q I take it you thought if the radical faction found out you were there, there was an excellent chance you would be seized?

A There were members of the radical faction that knew about it. The problem would be if it got to be general knowledge that we were there, the radical faction would have to react. I thought we would be in serious trouble. Even then, I thought the Iranians would make every effort to get us out.

Q According to the memo at least there is some discussion at this time about the money, and when it is going to be deposited and various things like that.

Can you tell us -- and if you want to look at this again, I would be glad to show it to you. Do you mind?

Q Not at all. I think it might be helpful.

A Okay. Yes. There was a long discussion at this meeting about the timing. In other words, how much in advance we had to have the money deposited before we could arrange everything. That is to the CIA account, because nothing -- from that date is when we had to start timing things, when we can pay for the Hawk spares and the 508 TOWs and get them positined and then, because our arrival in Tehran would have to be based on the time we got everything prepositioned.

Q Just a couple of questions. First, what was your understanding about the reason for the 508 TOWs? Did you know at the time the reason --

A By this time I did, yes.

Q What was your understanding?

A My understanding is that the Israelis had asked -- incidentally, there is an interesting aside on this. The Israelis to this day swear they only sent 500 TOWs in September. The Iranians counted 508.

Q Interesting dispute. You think it would be the other way around.

A Yes. We did supply the Israelis with 508. They asked if we would replace -- that was agreed to. So this shipment included the Hawk spares and the 508 TOWs.

Q You indicated that the timing was important because it was only as of the date that the money was received in the CIA account.

A Everything starts moving on the date that we get the deposit made in the CIA account.

Q Did you have an understanding or was there anything discussed at this meeting about how the money would get into the CIA account? What route it would take in order to get to the CIA account?

A No. There was no discussion at this meeting.

Q Did you know or understand the money would go through General Secord.

A No.

Q Did you have any knowledge about whether the money would go through the Israelis?

A No. Not at this meeting.

Q Let me --

A In fact, as I recall, Ghorbanifar also took the position that he was raising money through his bankers. In fact, even in May, in London, he said his bankers forced him to take out a life insurance policy, which I thought was rather odd for bankers. In fact, while we were there, he had to take a physical, he said.

Q While you were where?

A While we were in London, he had to take a physical.

Q For the life insurance policy?

A Yes. For the life insurance policy.

Q Let me just ask you a few other questions. Paragraph 4 of this document refers to -- did you type this at home as well?

A No. I typed that at the office.

Q You typed this yourself, I assume?

A Yes. I don't spell well or type well.

Q Type well, particularly.

But that is okay. Although I am sort of joking, I take it you didn't want things like this to be typed by the secretaries? Or, was it just because you didn't have a secretary?

A A, I didn't have a secretary. The second thing, I thought this should be closely held. I would type this up and make copies and give them to the people that should have them.

Q There is a reference in here --

A In other words, that was not in the system.

Q I understand. I thought maybe one of the reasons you typed it yourself was for a limited close hold purpose.

There is a reference in here to 3,000 Volkswagens about 10 days later.

A Oh.

Q What does that refer to?

A TOWs.

Q It refers to TOWs?

A Yes.

Q "Ghorba pressed for new additions..." I am quoting out of the document. "The new batteries," he said, "were no longer in inventory." What do the batteries refer to?

A These were batteries, I think, used in the mobile radars.

Q That actually means batteries?

A Yes.

Q I had not understood, I don't think, that TOWs were part of this negotiation in April of 1986. Do you recall what was said about TOWs.

A Well, part of it -- whenever we got all of the -- all of the hostages released -- that is at this point in the negotiations -- we would provide them with 3,000 TOWs.

Q I guess earlier we had promised them a total of 4,000 and delivered a thousand by this time, the February shipment. Did you have any knowledge of that?

A One thousand, five hundred, eight, if you count the Israelis. [redacted]

[redacted]

But I am pretty sure at this meeting he mentioned nothing about --

Q Central America?

A -- Central America.

Q You saw the et cetera at the end of that. I thought maybe it was a reference to Central America.

A No. I am pretty sure I would have made a note of it.

Q Let me ask you about paragraph 9 of the same document. It says, "It is still apparent that they have not given much thought to how a continuing relationship will be maintained."

What were you trying to convey? What was it that you derived from the conversation?

A Based on what Ghorbanifar was telling us, what bothered us about this, what bothered me particularly is there didn't seem to be much, at least as reported on the Iranian side, at least as reported by Ghorbanifar, about how a continuing relationship was going to evolve from all of this. I was at that point in history very much concerned

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about that.

Q Did you conclude from that that the Iranians didn't care that much about a continuing relationship or just that they hadn't thought that much about it?

A No. The only thing I can conclude is from what Ghorbanifar told us, that they hadn't really given serious thought about the mechanics of how this would be maintained.

Q Let me just ask you a couple of questions about the mechanics of this meeting.

end #1a
#2 fls

(CONTINUED ON NEXT PAGE.)

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(Discussion off the record.)

BY MR. EGGLESTON:

Q I was asking you about the mechanics of the trip. You and Charles Allen picked him up at the airport, have lunch with him, meet with him in the afternoon.

At what point does Oliver North show up?

A Late in the afternoon.

Q Are these meetings taking place at the hotel you indicated?

A Yes.

Q Did any of these meetings ever take place at the Old Executive Office Building?

A No, not that I knew of.

Q Did you -- how long then into the evening or night of April 3 did the meetings take place?

A Pretty late. We had a late -- Ollie got there late, early -- late afternoon, early evening.

Q Around dinnertime?

A I guess maybe around 5:30, 6:00. Maybe even later than that. We talked for a while, then went down and had dinner and I guess broke up about 11:00, something like that.

Q Did you and Ollie leave together?

A No.

Q Did you leave first or did he leave first or do you have any recollection of who left first?

A I don't recall. I think we all left approximately the same time.

Q What I am wondering is whether Ollie would have continued to meet with him after you left or whether you would know if he had?

A I don't know. I don't recall him -- I thought we all left at roughly the same time.

Q Do you see Ghorbanifar then on the 4th?

A Yes. I went out briefly, just to talk to him.

Q Alone?

A I can't remember whether I dropped him off at the airport or not. Yes, I was alone. It was nothing of any great significance.

Q Ghorbanifar was alone for this meeting, right?

A That's correct. He was on his way out to see his girl friend.

Q Out in California?

A Yes.

Q Was -- the last question about this meeting: Was there any discussion at this meeting about the mechanics of the delivery of the parts as opposed to the timing of the release of the hostages?

A In what sense?

Q Was there any discussion about we have to have --

the Iranians saying we have to have all the parts before we release any hostages?

A I think there was something about we wanted the hostages before the parts arrived.

Q Was that left in any fashion? Was that agreed upon with Ghorbanifar?

A I think you have to say Ghorbanifar took this under advisement. I wouldn't have paid any attention to whatever the hell he agreed to anyway.

Q Let me show you one other document and just ask you if you can date this one for me. This is CIIN-165.

A Oh, yes. This is one that I did in April after the Ghorbanifar meeting, just to put some -- some things of my own concern. [redacted]

[redacted]

[redacted]

You know, knowing Ghorbanifar, you have to -- see, there was a lot of dumb things done. Both Nir and Ollie North told Ghorbanifar [redacted] He is no dummy. [redacted] So I was very much concerned [redacted] you have this change.

Q I get you.

A [redacted] all we can do is ask him and use a little bit of influence, we don't control them. Then all at once, there is no problem in getting hostages released.

In fact, that came to be one of the reasons that the trip was okay, [redacted] the Iranians can arrange for the release of the hostages.

Q Did you articulate to anybody your concern [redacted] were a set-up for you guys?

[redacted] You are talking hindsight now. Well, this is a good indication that they are going to be released, that we can get them released.

[redacted]

Q Did you have an understanding as of this meeting or approximately this time about how much money -- putting aside how it was going to be financed, and all that stuff, how much money the Iranians were going to be charged for the spare parts?

A No indication whatsoever.

Q That was something, I take it, though, that you could have just asked North how much it was going to be?

A I never asked him. In fact, the only thing we ever discussed with North is what it was going to cost him. In other words, what it was going to cost us to release the -- to ship the parts.

Q And I take it by that you mean how much -- what is the cost price, what is the price the CIA --

A The cost, what transportation we had to provide, packaging, stuff like that.

Q You never discussed with Colonel North how much the price he was going to charge Ghorbanifar or how much he was going to charge the Iranians?

A No.

Q Was it your understanding he was setting the price?

A Yes. Because we gave it to him. He was the one that conveyed the price to whoever he conveyed it to. Probably Nir, I would assume.

[redacted]

Q Do you recall there was [redacted] that indicated that the price was around $22 million?

A Yes, but that didn't come until the 7th of May.

Q Okay.

A That was the first alarm that I had.

Q Okay. All right. You are right. I am looking at the wrong note. That was around the 7th of May. That was after the next meeting?

A I didn't see that until I got back from -- [redacted] I didn't see that until I got back from the London meetings in May. The London meetings were the 7th through 10th, 8 through 10 May.

Q Let me -- before we get up to the meeting which

I think took place around May 6th?

A Something like that. It was the end of the first week in May.

Q Let me just sort of fill in the rest of April. What did you do? What occurred with regard to this during April of 1986? No additional meetings I take it took place during that time?

A No. But we had had the final -- in other words, this shipment was going to be picked up at [redacted] It would include the total price was going to be over $6 million. It would include not only the Hawk spares that were available, that we could get, but also the 508 TOWs which would be dropped off in Israel. That was the -- there is a lot of confusion in the record over this. I recall when you were over interviewing me, one of the gentlemen from the Senate kept talking about $4 million. That's an incorrect figure because the figure was over $6 million that we passed on to Colonel North.

Q Around $4 million was the price just for the Hawk parts?

A For the Hawks. There is a real lot of confusion on who the hell paid for the Hawks.

Q Do you know who paid for the Hawks?

A I haven't the slightest idea. What complicates the confusion is if you go up to our meeting with

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Furmark on the 22nd of October, when he's talking about, he says the price was $15 million. Did that include the Hawks? Because at the same time he also says, we are talking -- if you recall, it was $15 million is what Ghorbanifar and Khashoggi raised to pay for the shipment. They added $3 million on to that to pay for their expenses and profits and another 2 million bucks for Nir. What that $2 million was for, God only knows. They owed Nir. So they owed Nir.

The price to Colonel North was over 6 million. It was about 6.3 million.

Q Because it included more than just the spare parts?

A Yes.

Q Did you know that that was how much money Colonel North was being charged? When I say Colonel North, I mean how much money the CIA had to receive before it would --

A Yes. I knew the exact figure the CIA had to receive. Yes.

Q That became clear then during the course of April?

A Yes. By the --

Q By the London meeting that was clear?

A Yes. A couple of weeks before that.

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Q Was availability pretty much established by that time, too?

A Actually more parts became available after the 3 April meeting, because they are being continually manufactured.

Q Now --

A The military agreed to give up more.

Q Let me just get this McFarlane meeting in here. I have now forgotten when you told me. Has that taken place by the time of the London meeting or does that take place after the London meeting?

A I think it took place before the London meeting.

Q Assuming that is right, why don't you tell me what you remember about the meeting with McFarlane?

A The meeting with McFarlane was basically -- we didn't talk much about the nuts and bolts. It was basically to give him our best estimate of what was going on in Teheran and I gave him some idea of what I thought the risk factor was as far as we were concerned.

We also took a very recent NIE, National Intelligence Estimate, and we were -- there were a couple of other things for him to read.

Q Where was it?

A At his office downtown.

Q At his office -- not in the White House?

A No. He was out by then.

Q That's what I thought.

A Nineteenth and K. He had an office, a suite of offices.

Q It was you, Colonel North?

A No. [redacted] myself, and McFarlane.

Q Not Colonel North?

A No.

Q Was there a reason Colonel North did not attend?

A I don't know. He might not have been in the country at that time.

Q How was it that you happened to have the meeting?

A During one of our many meetings with Colonel North, he proposed that we give McFarlane a brief on the current situation in Teheran, bring him up to date. And we called and made an appointment.

Q Had it been decided by the time of this meeting that Mr. McFarlane might be one of the people who attend the Teheran meeting?

A Yes. By that time it had been decided he would head the delegation.

Q It had been decided?

A Yes. It was going to be a three-man delegation.

Q Who was that to be?

A McFarlane, North, and myself.

Q There comes a time when Howard Teicher is added to the list?

A McFarlane added him?

Q McFarlane added him?

A Yes.

Q Do you recall when that was?

A It was shortly before we went, because when -- after -- immediately after we returned from London, it was just going to be the three of us.

Q Let me ask you about the London meeting then which records seem to indicate took place around May 6th.

A That's correct. Sixth and 7th.

Q Who attended the meeting?

A It was myself, Colonel North, Nir, and Ghorbanifar.

Q Was -- okay. And was -- and how long were the meetings? Did they take place on both days?

A I think we only had really one significant meeting and that was on the 7th. Because that was the day that Ghorbanifar told us that he had arranged for the financing.

Q Where did the meeting take place? At the Churchill?

A Yes. His suite in the Churchill.

Q Tell me about it. I understand there was a long discussion of financing and he raised the money. Tell me what you recall about those discussions?

A Well, what became clear to me at that discussion is that he had raised the money and was in the process of transferring it to an account controlled by General Nir and I don't think I knew the -- I got the exact figure. As I recall, that didn't come out in the conversation. and the other asides in the conversation indicated that the deposit to our account, that is the CIA account, would be made by General Secord -- from an account controlled by General Secord.

Q And was there any discussion, if you recall, about amounts of money? Obviously you knew the amount of money that had to be deposited into your account?

A No. I don't recall. The only think that I recall is Ghorbanifar's claims that he was going to pay 20 percent interest on the money raised from the banks, by his bankers. I don't recall him ever, in my presence, saying how much it was that he raised.

Q Let me ask it this way: By this time you are a little over two weeks to the Teheran trip. You have been now sort of at three of the crucial meetings that had taken place. At least in your hearing no one has ever told Ghorbanifar how much money he's got to come

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up with?

A I never found out how much or if North dealt with Ghorbanifar.

Now, I would assume -- I don't want to assume -- I don't know who North, whether he told Ghorbanifar directly or whether he told, gave the price to Nir.

Q Did you think that North might have been dealing separately with Ghorbanifar over the telephone or times when you were not present?

A He could have been.

Q You didn't have any idea?

A I would not know.

Q Was there any discussion of the 2 million to Nir at that time?

A Oh, no.

Q During the course of this meeting?

A No.

Q When you said it was an account controlled by Nir, was it your understanding that that was an Israeli account or a Nir personal account?

A I didn't know. It was an account he controlled.

Q Okay.

A A Swiss account.

Q So I take it by this time you had a general understanding that the money would go from Ghorbanifar to

Nir to Secord to the CIA?

A Well, I don't know if it went from Nir to Secord, if there was any intervening bus stops between the two.

Q You knew it was going to go from Ghorbanifar to Nir and from Secord to the CIA and you figured in some fashion it was getting between Nir and Secord but you didn't know what was going to happen in between?

A I have no positive information of how that would take place.

Q Right. Let me just focus once again. By this time, who was going on to the meeting on the American side had become pretty fixed, I guess, although Teicher was added later on. Who did you understand at that meeting you would meet with when you arrived in Tehran?

A By this time, we had an excellent -- Ghorbanifar told us we would meet with the Prime Minister, Musavi; we would be meeting with Rafsanjani; he said -- and also the President, Khameini.

He also thought there was a possibility we might meet with Ahmed Khomeini, the Imam's son, and also with Ayatollah Farsi, who was one of the leaders of the conservative faction.

Q Did you believe as of that meeting that you would be actually meeting with those people or were you still skeptical? You personally?

A I had a fair amount of skepticism, because of Ghorbanifar's track record with us. But I presumed the Iranians -- by that time, we determined it was [redacted] would not have said this, or would not have conveyed this unless -- although there is nothing really [redacted] - that would say we would see some senior people.

He didn't identify them [redacted] as I recall. I thought it was worth the risk.

Q Again let me just ask you as of this meeting, what did you understand the sequence of delivery of yourselves, parts, as opposed to when the hostages were going to come out?

A This is my first discussion with [redacted] in London. I talked to him on the phone. We run into our first major snag and [redacted] is insisting we bring all of the Hawk spares with us. I told him we can't do that.

And we haggled, typical, like you are buying a rug. Finally, I said, Okay, we will bring a small partion, what we can carry with us on the one plane, given the fuel, which would be about one pallet. He agreed.

Q What was the understanding about what would

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happen when you and the one pallet would arrive, that they would all be released?

A That they would make an effort to release all the hostages. And while we were there, the rest of it would arrive.

Q The remaining three pallets?

A Three pallets.

Q And -- okay. But at least there was an understanding that at least the first pallet would arrive along with the delegation before the release?

A We would be bringing a small amount of the spares with us on the plane. That was clearly understood.

Q It was not understood, then, or at least -- it was clear to you that you hadn't presumed to bring half of them?

A Oh, no. No.

Q Did you talk -- and you spoke at that time directly with [redacted]

A With [redacted]

Q Did you speak to him on more than one occasion?

A After that, I think I did speak to him.

Q I really meant at that meeting?

A Oh. No. Only once. Only one conversation.

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Q Did you have any discussion with him in that phone conversation about price?

A No. But -- but on that same day is when Ghorbanifar gave him the initial price [redacted]

Q Tell me how that happened?

A He [redacted] gave [redacted] the price of the Hawk spares. I think it was something like $20-1/2 million. [redacted]

Q Before we get to that, let me make sure I have asked everything I wanted to ask about the meeting itself.

Just one more question. Had the pre-meeting been canned by this time? What was the status of whether or not there should be a pre-meeting involved?

A Oh, that had been canned in April, by the end of April.

Q So you would not agree -- this was essentially the pre-meeting?

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A Yes. This was the pre-meeting for us all going to Teheran.

[redacted]

Q The -- let me ask it this way: Although you were not 100 percent positive, I take it, my recollection [redacted] is the 240 and the 22 -- 20.2 million, they look pretty linked [redacted]

A Yes. Also, there were two things. Are the Iranians paying for the Israeli TOWs again? Because, you know, that is -- if you take the total -- I think it was $6.3 million, 6.4 million for the TOWs and Hawks. That figure, I think it was 21-1/2, wasn't it? Something like that?

Q I think --

A Twenty and a half.

Q That's three times six.

A Six point four, 6.5. That's about three times the price we gave to Colonel North.

Q So at least [redacted] you were concerned that there had been a fairly hefty increase in the price, although you may not have been 100 percent certain it was because of these other deals?

A Yes.

Q Did you -- who did you talk to? What did you do?

A I talked to [redacted] He and -- I think I may have also brought it up with Ollie. I think Ollie said he would check -- talk to Nir about it.

Q Let's take these one at a time. What did you and [redacted] -- what was the discussion you and [redacted] had about it?

A Well, it was the same thing I said to you, that this seems like a rather large mark-up.

Q How did he respond?

A He agreed. And I think even -- Colonel North was alarmed, too. We didn't want this thing falling through because someone is making exorbitant profits.

Q Do you recall how you talked to Colonel North about it? Did you talk to him over a secure phone, at a meeting?

A I don't recall whether it was at one of the meetings we had or not. But we were very concerned. Then that was fortified when we got to Tehran.

Q Then is it your understanding Colonel North then contacted Nir?

A I can't -- I don't know, in fact, whether he did or not.

Q But did Colonel North --

A We never got a real answer on what transpired prior to the trip to Tehran, as far as I can recall. Why the price was so high.

Q Were you --

A Oh, one other thing I might add. While we were in London, as I recall Ghorbanifar said that he has already spent just on this specific thing $350,000 of his own money and that he had already on this overture, this operation engaged in, he had spent over a million dollars of his own money.

Q Over the total overture?

A Yes.

Q Have you -[redacted] are you becoming -- are there any bells going off about where this overcharge might be going?

A Well, yes, because you know we had [redacted] the intelligence on the fact Ghorbanifar had been arrested. Because of the dates we assumed - [redacted] that he and Khashoggi had been trying to raise $50 million. We said, That's not for us. They could well have been involved in financing the sting operation because they were close associates of Cyrus Hashemi.

That was the first bell that rung. The other thing is Ghorbanifar just trying to make a lot of money.

Q There were no bells going off that maybe money was going to Central America, though, I take it?

A No.

Q By this time, did you know that Colonel North -- I asked you as of March.

A By this time I knew that you cannot be around Colonel North very long without learning a lot about the contras. He was very proud of the private effort to keep the supply lines open to the contras.

Q This is probably as good a time as any to ask you what he told you about that.

A Not so much in specifics, except that he was proud of the fact he was able to keep a force of contras in -- you know, that he had played a role in the effort of raising private money from private individuals to keep the contras supplied for the two years that there was no official funds available.

Q Did he ever talk about his -- about his logistics support, about establishing resupply operations to keep the munitions?

A Not any of the specifics. He never mentioned an airfield here, or anything like that.

Now, the only way -- and I found out about it -- I knew he was involved, for instance, when the plane went down. I saw it on German television first and called him. I said -- I don't know if this has anything to do with you, but there's a plane that's been shot down in Nicaragua.

Q What did he say?

A He said, yes, it was. Then he got -- then he --

Q You were in Frankfurt at that time?

A Yes. Frankfurt.

Q Did he -- was it clear to you that he was involved in military resupply of the contras?

A I didn't know what kind of supply it was at the time. Whatever knowledge -- I and my wife were -- see, my wife and I went on vacation, a misguided vacation the end of September. We got to spend about three or four days in Rome and got called in [redacted] and told to go to Germany. We have German grandchildren anyway.

We were sitting in the room getting ready for dinner when I saw on German television that a plane had been shot down, a C-123. I called him and said, I don't know if it has anything to do with you or not, but there's a C-123 shot down over Nicaragua. He confirmed, yes, it was.

Q He indicated it did have something to do with him?

A He said he thought it was one that might have been one that he was involved with. He wasn't sure at that time actually.

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emm

Q Did he ever mention Project Democracy to you? Did he ever mention it by that name?

A Yes, he referred to Project Democracy.

Q What did he --

A The first -- the way it came up is the airplane that took us in -- not took us in, but flew us from Dulles to [redacted] -- was Democracy Airlines or something to do with Project Democracy. That is the first time I ever heard about it.

Q And is that what it said on it?

A No, it didn't say much of anything.

Q He told you it was one of his Project Democracy airplanes?

A He said this is Democracy Airlines. He just laughed. That was all.

Q Let me get back -- did you discuss with -- there is one other person I didn't ask you about. Did you discuss with Charley Allen [redacted] I take it you probably did.

A Oh, yes. Charley and I used to discuss [redacted] at great length. [redacted]

Q Yes.

He similarly agreed it was likely that was the amount Ghorbanifar was charging for the 240, but you couldn't really tell for sure?

A The problem you get into with Ghorba -- he was involved with so many arms deals with them. [redacted] different deals, but even that seemed to us that the amount he was asking did in some way -- did include -- we knew it did include the Hawk spares.

If that was all it was for. That was an awful lot of money.

Q Did that cause you any operational security concerns about your trip to Tehran? Did you have any concern that that price was going to cause you a problem?

A My concern was the egregious overcharging, that it could queer the whole deal with the Iranians.

Q And it might queer it with you sitting in Tehran?

A Yes. I wasn't that much worried about that.

Q You were not?

A No, because the Iranians realized they were dealing with Ghorbanifar.

Q Meaning that they also knew that there could be overcharges and it might not be that much surprising to them?

A Yes. I had a lot of private discussions with the Iranian side in Tehran over there.

Q Let me get to the preparations for the trip to Tehran.

Generally, what kind of logistical preparations were there involved? You must have had to get passports, arrange for the flights, clearanaces, all sorts of stuff.

A Actually, I didn't have to do much of anything. We had people that took care of that. I took charge of the passports. I carried all the [redacted] passports with me.

There were other things I had to do that I was concerned about, and with Charley Allen [redacted]

Q Did --

A Incidentally, that was one of the key reasons why a decision was made to leave, is because [redacted] [redacted] did not give any indication that there was any motion on the hostages.

Q This is --

A While we were in Tehran.

Q Let me ask you, at this time, did you know

General Secord was going to have a role in providing airplanes and getting you from one point to the other?

A By the time we went to London, I knew that.

Q Could you describe just your flight path from the time you leave Washington, what airlines is involved, until the time you arrive in Tehran?

A I forget the exact date it was we left. We left Dulles and we flew via Executive Jet, stopped at [redacted] to refuel, and went on to [redacted]

Q Who is on that plane?

A McFarlane, myself, Howie Teicher, and the two CIA communicators.

Then we get to [redacted] We rest on the ground there because of the clearances they have and the time that we have to arrive in Israel.

Then we take our proprietary from [redacted] to Tel Aviv. On that flight are the two communicators, myself, McFarlane, and Howie Teicher.

Q Okay.

A We arrive at the crack of dawn in Tel Aviv. We are met by two -- by Colonel North and two Israelis from Nir's office who get us through everything and into a hotel room without having to check in, etc., etc.

We work during that day about setting up a commo base in the hotel and resting. We have dinner in the

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evening and then take off for Tehran. The flight route from Tehran, of course, is all the way down the Red Sea, around Socotra, the Gulf of Oman, and make landfall at Bandar Abbas. That is on an Israeli aircraft, an Israeli 707. That was McFarlane, myself, Howie Teicher, Colonel North, Nir, and one communicator.

Q And then you arrive where?

A At Mehrabad airport.

Q You arrive there on the morning of the 25th?

A I believe it was the morning of the 25th; that is correct.

Q Did you -- just to cover this -- see General Secord in Tel Aviv?

A Yes.

Q What was he doing in Tel Aviv?

A He was in -- he was at the hotel when we arrived. He introduced us to the air crew he had arranged. They left. We had a brief meeting on how things would work out. He was sort of going to be our man in Tel Aviv while we were in Tehran and would interface with our communicator there.

Q Did you ask the reason they were using General Secord as opposed to a CIA man or somebody affiliated with the government?

A This was always considered to be a NSC operation.

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The only conclusion that I can arrive at is that Ollie North relied very heavily on Dick Secord. They were very close friends.

Q Did you have an understanding of what Secord's job was or what he was doing for a living, whether he was getting paid out of this, just what his role was? He was retired by this time.

A Oh, yes. He was retired and I went under the assumption he was doing some sort of -- he was a consultant of some sort for the NSC for Ollie.

By the time we went to Tehran, I was pretty sure that he was heavily involved in the private financing of the effort to get support for the contras.

Q You were aware General Secord was?

A Yes.

Q What did you think that entailed as of that time?

A I had no idea what the details were and wasn't concerned. We didn't really -- I didn't see very much of --

Q Of Secord?

A -- of Secord.

Q Did you have an understanding he was involved in sort of the mechanics down in Central America as well as the private fundraising?

A Yes. I don't know what the details were.

I assumed that he was involved in the -- had some role in the raising of the funds and also in arranging for shipment.

Q Did --

A I couldn't give you any -- I have no idea of what the details were.

Q Did he strike you as Ollie's commander in the field down in Central America? Was that the relationship?

A No. I never got that idea. I know that he was heavily involved in getting air crews.

Q For Central America?

A Yes.

Q By this time, had you heard of the account Lake Resources?

A The what? No.

Q You had not?

A I never heard of Lake -- the account for Lake Resources until after all this in the press.

Q Let me show you some CIIN 164 so we don't have to pick your brain too much about the trip.

A This is my account of it.

Q Instead of asking you to review everything about that trip, I take it this account is a fairly complete recollection of what happened?

A Well, part -- when we were in Tehran, I did an awful lot of translating. When you are translating, you don't really recall well, because you are concentrating on translating. So, this is not really a complete account. This is what I can recall of the discussions I was involved in really when I wasn't concentrating on all the translating.

Some of the times Ghorbanifar -- you can't -- after a couple of hours, you get groggy. Ghorbanifar would then translate.

Q Let me ask it this way: is this about as much as you recall today about those --

A More.

Q Probably more?

A Yes.

Q Okay.

Before I get into the questions about the trip, had Hakim resurfaced by this time as someone who was involved in this at all?

A Whatever involvement he had, I knew nothing at this time other than the two phone calls.

Q The two --

A And the fact he had been used as a translator. In fact, I thought he was pretty much out of it.

Q You did?

A Because one of the reasons they wanted a U.S. citizen as translator --

Q One of the reasons for you getting involved was to get --

A To get the Iranians out of it.

Q Was there an attempt then -- were those phone calls Hakim placed part of an attempt to remove Ghorbanifar from the operation? Was that the purpose behind it?

A I think -- I don't know why the calls were made. I was only given -- to translate them. You can surmise from what transpires in them that it was an attempt to go -- that is apart from the Ghorbanifar channel to try to convince -- through another channel to convince the Iranians that we were sincere and would do what we said we would do by Ghorbanifar.

Q Let me ask one last question before I get into the guts of it here.

Had the date that you all would be traveling to Tehran -- how far in advance of the time you actually arrived had that date been set up, if you recall?

When I say "set up", I mean set up with Ghorbanifar.

A This kept changing on a daily basis, because we couldn't set the date until we got the deposit in the CIA account.

I think that was on the 16th of May.

Q I think that is right.

A Then we were able -- we figured we needed about a week. Then we were able to set the precise date that we would arrive.

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Q Is it your recollection that Ghorbanifar then was contacted shortly after the 16th to say we would be there around the 25th or whenever?

A Yes, because he determined his departure on ours. He was in Tehran when we arrived.

Q It was not your impression, though, that you had only recently told him of when you were going to be arrived in Tehran? It was not a hurry-up trip?

A Oh, no. We had told him. He was well aware that until we got the money in our account, we could not give any precise dates, but that as soon as we got it in our account, we could.

Someone called him. I don't know whether it was Charley -- to tell him, "Okay, we will be coming."

Q It was also clear to him it would take about a week to ten days after the money was deposited?

A We said seven or eight working days, because it would take us that much to get the ship to get the material in place in Israel.

Q Do I take it that you got about -- that on the plane that arrived, you said you took one of four pallets. You took about 25 percent of the parts with you on the plane?

A It was actually less than that. We took the small pallet.

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Q Let me just ask you some specific questions about the meetings, because for the rest of it we can pretty much rely on that for your recollection.

When you first arrived -- and as I understand from reading that, there is some delay before anyone actually comes out to meet you, which must have surprised everyone -- at what point do you realize the hostages are not about to be released, despite the fact that the delegation and the parts have arrived?

A Our initial meeting that afternoon -- because the Iranians tell us about the enormous problems they are having -- and they go through a long list of conditions that the captors have placed on the release of the hostages, and it it also pretty clear to me at this point the Iranians don't have control of the hostages and are going to have considerable difficulty getting control of them.

Some things were pretty bleak. The Iranians were kind of hostile. In fact, the guy that they brought who was sort of their spokesman, whom we never have identified to this day, was really pretty negative.

So, the American delegation was -- we were pretty bleak after the first day~~s~~, the first afternoon's meeting. But things warmed up after that.

What came out of all the discussions was that the Iranians were pretty sure that they could get two hostages released, using their influences, and they were very anxious that they would consider the deal for two hostages and the Hawk spares, and then they would work on getting the other two, and then any other subsequent shipments would be based on their being able to release the other two.

But at the same time, they wanted to continue the dialogue.

One of the bases for us packing up and going was that McFarlane had given an ultimatum. It was early in the morning of the day we left, saying -- they had asked -- the head of the Iranian delegation asked if we can get two released, we think we can, will you give us some time, and so he only gave them until -- I think it was 7:00 o'clock the following morning, because we had gotten the message that there were no -- there was no indication [redacted] that there was any motion on the hostage issue in Lebanon.

The following morning, when no one showed up, including Ghorbanifar -- funny thing -- we decided to leave. [redacted] and the Rev Guard guy showed up, and we told them we were leaving.

We packed up everything and marched out of the hotel room. He arranged for cars. They took us -- fortunately, about 2:00 in the morning they started refueling the aircraft.

So, we were able to take off. But I was the last one on the plane. I talked to the two Iranians. They said that they really weren't prepared for us.

Why, after all that had gone on -- I don't know whether you can blame it on Ghorbanifar or what. One of the things that came out during the meeting, they showed me all kinds of documentation from Ghorbanifar. He was lying to both sides. He had painted this to the Iranians as the beginning of a long-standing -- a new arms relationship with the United States that included PHOENIX missiles, aereal cameras, spare parts for the helicopters, SIDEWINDER missiles, large number of TOWs, 20 radars, a lot of other things.

Q Have you read this morning's Washington Post?

A Yes.

Q Did you read the story on page 1 about Colonel North?

A Yes, I did.

Q Just so the record is clear, the story reports, as I recall now, that Colonel North early in the morning of the day you left struck his own deal with Ghorbanifar, ordered the planes to arrive with the rest of the parts, and that he either woke up or when McFarlane woke up, North told McFarlane what he had done, and McFarlane countermanded his order and said that they wouldn't do that.

Is there any truth to that story?

A Not that I know of. The plane never left the ground.

Q So you think that story is not true?

A Not true. It sounds like part of what -- see, the deal that we -- as I was just telling you -- and McFarlane had been briefed on it, too. He agreed, yes, if he can get two out, okay.

And also, Ghorbanifar and I were involved in writing the seven-point -- you probably have a copy of it somewhere. I can't recall them offhand -- the seven points. We translated that into Farsi. That was sort of the final thing.

Q Let me just finally ask you about that conversation or the meetings that you had.

There comes a time, as I understand it, during the course of those meetings when Ghorbanifar makes reference to you about the price of the parts.

A Oh, yes.

Q Do you recall --

A This is very interesting. Why, he approached -- Ghorbanifar said to me, "I want to talk to you." We went out in the hall, because he knew the rooms were bugged. He said, "They are going to ask you about the pricing, and the pricing -- the price is going to be $24.5 million." He says, "It is all right. Tell them it is all right, because it includes other things, other expenses that came up during the course of this, and there is other material in there. You have to say it is okay."

So, I immediately talked to North. I said, "What is this on the $24.5 million?"

He was shocked. So, we called Nir. And we had a three-way conversation in which Nir said, "Look, they owe for other things." We went through a long song and dance about all the expenses Ghorbanifar had up to this. In fact, he had to pay a large amount of bribes to a whole raft of people and that there was no monkey business; the $24.5 million was the correct price.

So, we stuck with it.

Q Did they ever -- did the Iranians ever ask you about the price?

A Yes.

Q What did they -- how did that conversation come up? What is it that they said to you and what did you respond?

A I basically said, "You know, I am not really -- I don't know anything. I am not a military man. I don't know anything about the logistics, the pricing of these things. You have to talk to the businessmen."

Q What was the question they asked you? How much was this going to be, or why is it $24.5 million?

A Yes. It was -- is this accurate?

I said, basically, "I assume it is. We can't sell you these things direct. We have to sell them to the -- the military sells them to the middlemen at commercial prices."

They didn't raise any big stink at that time. The thing that they did raise is that the head, the senior Iranian, got me aside and showed me letters Ghorbanifar had written, giving them all this stuff that we had never heard about. We only have a copy of one letter and that we got from Nir on a letter Ghorbanifar wrote on the 8th of July, after the fact, in which he made all kinds of ridiculous promises to them.

But there were three separate letters which I thought we had copies of. But I could never find the damned things. They were very interesting, because they -- it is clear Ghorbanifar was telling the Iranian side one thing and us another. Ghorbanifar was presenting it to them as a big deal about what the American side was prepared to do.

Q The $24 million figure -- whatever the figure was --

A Twenty-four and a half.

Q Twenty-four and a half? What was it your understanding that that included as of that time? Just the Hawk parts?

A I don't know.

The way Nir said, he said, "Hey, look, that includes other things. They owe him for other arms shipments he is involved in. He is trying to bring all the accounts up square. It is an accurate figure."

He was vouching for Ghorbanifar. He said, "It also includes bribes that he was forced to pay."

Q Did you have any further discussion with Colonel North about this figure? Is is now -- this figure is getting to be pretty close -- [redacted] There was this conversation.

Was there any further conversation with North about this figure of $24 million? What is going on here? This is going to be a real problem if we are going to charge this much money?

A One of the things we decided is that the thrust of the conversation was that Ghorbanifar was knocking down an awful lot on the deal.

One of the things that was considered -- I don't know whether we talked about this in Tehran or later -- is if we do any other deals with Ghorbanifar, we tell him precisely what he can charge -- you know, a reasonable profit -- and tell the Iranians the same thing.

Q This was a conversation between you and North?

A Yes, subsequent to that.

Q Was --

A I don't know whether we talked about this in Tehran or right after. I can't recall.

Q Let me make sure that is everything I wanted to ask you about the Iran trip.

MR. PEARLINE: Could we take a couple minutes break?

MR. EGGLESTON: We are going to have to have lunch at some point, because I am not about to end.

What I was going to do is get you back -- we can go off the record.

(Discussion off the record.)

MR. EGGLESTON: We can go back on the record.

BY MR. EGGLESTON:

Q Mr. Cave, have you read the Tower Commission report?

A Yes, part of it.

Q There is a reference in the Tower Commission report to Colonel North on the tarmac telling Bud McFarlane about the diversion of money to the Central American contras.

Do you recall that in the Tower Commission report?

A I recall it in the report.

Q I was going to ask you did Colonel North say anything like that to you.

A No.

Q And I take it you did not overhear Colonel North say that to McFarlane on the tarmac in the Tehran airport?

A No.

Q then you leave Tehran in the early morning hours -- I guess it turned out not to be the early morning hours, on the morning of May 28?

A It was about 9:00, 9:30 by the time we took off.

Q How long did it take you to get back to the United States?

A It is a long flight. We didn't get back until the evening, early evening, because it was an 11-hour flight, ten and a half hour flight.

The communicator and McFarlane and Teicher and North immediately went over and boarded a Lear jet that Secord arranged for them, so they could fly directly back to the United States.

I have a degenerative spinal disease, so I decided to stay a night in Tel Aviv. So, I had dinner that night with Nir and his wife and then flew back the next morning.

Q Did you have any more discussion with Nir during that dinner about this financing problem?

A No, because his wife was not aware of anything.

Q Was she aware he had gone off to Tehran?

A No.

Q Are you married?

A Yes.

Q Was your wife aware you had gone off to Tehran?

A No.

Q And how long -- you arrived back in approximately 24 hours later?

A Yes. I got the TWA flight out of Tel Aviv the next morning.

Q And when you arrived back, how long is it after you get back before you report in to the office or wherever to brief somebody on what had happened on the trip?

A It was -- I don't know if it was the next day or the day after. I came in and saw Casey, gave him a rundown on what had transpired. I talked to a couple other people.

Q Did you brief anyone at the NSC about your impressions of the trip? I assume you had conversations with North. Did you ever brief Poindexter?

A We had a meeting with Poindexter some time after that. It was just a where-do-we-go-from-here type of thing.

Q Did you ever brief the President?

A I did not see the President until November 24 at the NSPG meeting.

Q November 24, 1986?

A Yes.

Q Had you met with Poindexter prior to the trip?

A Yes.

Q On how many occasions?

A I met Poindexter before he came -- before he replaced McFarlane. It was to give him my impressions of the Iranian exiles. It was completely different.

Then I think I saw him once before he went in. There was one meeting.

Q Do you recall how much it was prior to the time tha you went in to Tehran?

A It was shortly before we went in.

Q What was your impression of his view of the trip?

A He seemed to be a little bit concerned about the security of everyone that was going in. So was Casey. In fact, Casey told me at one point, "The decision to go in is yours." He asked me, he said, "Look, I want you to give this serious consideration, because if you decide -- and you know better than anybody else -- that there is a great deal of risk in this, I will call up the President, and we will cancel it."

I said, "No, I thought about it, and I think that there is certainly some danger involved, but I think the chances of us being really harmed there, of being in harm's way, are not too great."

Q In your meeting with Director Casey after the trip, did you give him your conclusions about the trip, what had been accomplished, where you should go from there?

A I was a little more upbeat than the rest of the people on the trip. I was more upbeat not -- in hindsight, it turns out they were looking at different things. I was upbeat because the Iranians seemed sincerely interested in maintaining a dialogue.

I told Casey it was my conclusion that no matter what happened, we were only going to get two more hostages out at the most. Two more, I think we can count on. Maybe another one, a third one.

I thought if we kept this up, we could get two more out, two hostages out, which is what we got.

Q Did you think -- did you give the conclusion that you thought that you should continue with Ghorbanifar as the intermediary?

A No. I thought we should definitely -- I have always been, of course, against Ghorbanifar as an intermediary. Granted, other people had reservations that to get rid of him may be more dangerous than to keep him. He would certainly try to get even with us for queering a good deal that he thought he had.

Q There is -- after the meeting -- and this will be the last question I ask before lunch -- after the meeting there is a long -- after the meeting in Tehran there is a long period of time before the hostages are released.

Are there meetings during that time about whether or not to close down the entire operation?

A I don't know about closing it down.

During this period, most of the action is undertaken by Nir in concert with Ghorbanifar. That culminates in our meeting in Frankfurt which precedes the release of Jenco.

Q Has your contact with Ghorabanifar dropped off substantially by this time?

A Yes.

What has happened is, you know, this is the period when I get all these calls from [redacted] complaining about the pricing of the stuff.

Q Let me pick that up after lunch.

MR. EGGLESTON: We can go off the record.

(Discussion off the record.)

(Whereupon, at 12:20 p.m., the deposition was recessed, to reconvene at 1:30 p.m. the same day.)

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AFTERNOON SESSION

1:35 p.m.

Whereupon, GEORGE W. CAVE, having been previously duly sworn, resume the witness stand and testified further as follows:

THE REPORTER: You are still under oath, Mr. Cave.

THE WITNESS. I figured that.

BY MR. EGGLESTON:

Q Mr. Cave, at the time we broke for lunch, we had just finished the trip to Tehran in late May and the immediate reaction to it and your meeting with Director casey about it and the reactions and discussions with him. The next thing I want to talk to you about is your conversations that I think you had with [redacted] beginning really in June of 1986. I think some of those conversations deal with pricing issues.

Maybe it would make it easier for you if I put CIIN 515 and -- why don't I give you -- I will start with 515.

A Okay.

Q Is this -- there is really, as I can tell, at least from your memorandum, there doesn't appear to be -- the fight over the prices is not really discussed?

A This doesn't come up until later. This is the 13 -- I think the first conversation where he complains

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about the pricing is on the 20th, isn't it?

Q I don't know that I have a note of one on the 20th. That could well be.

A Yes. After the -- you have another one attached to this.

Q Is that a different day?

A This was based on a speech. This is something based on a speech Rafsanjani made.

Q Are those not connected items?

A They are not connected.

Q Why don't you just rip them apart. Otherwise, I will confuse myself.

A Let me just say a brief word about this. After we come back from Tehran, whatever movement there is is between Nir, Ghorbanifar, and the Iranians in Tehran. Now when we refer to our friend, that is Ghorbanifar. It is quite apparent that [redacted] wanted to talk directly with me to see if there was any -- if it was really worth while pursuing this. This is the first conversation.

Q That is what I was going to ask you. Is this as best you recall the first conversation you have after getting back?

A Yes. Because I think Ghorbanifar provided the phone numbers [redacted] And I called him because I think ~~there was~~ -- this was based on a request by [redacted] It was passed through by Ghorbanifar.

I had the one position that I had taken is before we do anything else, we would want to have another talk with the Iranians. I didn't think we should go ahead with the deal until after we could talk with the Iranians.

Q By the Iranians, who are you referring to?

A In this case, we are referring to [redacted] Such dialogue as would remain would remain via the [redacted] [redacted] That is how we left it when we left Tehran.

Q This to me, 515, appears to be not -- does not represent much advancement over Tehran. It seems to be substantially the same positions as they have set forth?

A Yes.

Q Had you at the Agency made decisions to continue the contact even though no hostage had been released --

A I didn't do anything without coordinating it with Colonel North. In other words, as far as we were concerned, he was still the point man in the operation.

Q Let me just ask you how often did you meet with the Director about this? Was he -- and I don't know exactly how to ask the question. Did you have fairly regular meetings with him personally about the project and the progress of the project?

A Not so much during this period. There were a

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couple of meetings. But once we had the meetings with the new channel, I saw him very often.

Q But between the time you get involved in March and the time of the new channel, the meetings are not very often?

A No. There wasn't that many of them.

Q Is he generally supportive of this operation?

A Yes.

Q Is he enthusiastically supportive? I am asking about the time before the second channel?

A Oh, yes. He wanted -- strongly believed we needed some kind of strategic dialogue with Iran.

Q I take it -- this is getting way ahead -- I take it from prior conversations with you that you were being more enthusiastic once the second channel is established?

A Yes. Because we are talking to people then who, it is quite obvious, they are going to -- that there are responses and definite -- there are definite proposals made. We got no -- despite all the haggling that went on in Tehran, if you talk about definitive things the Iranian side was going to do, it was very little.

Q The next document I have is 592 and -- I don't know that you need to review it, but I just wonder if this is the next conversation that you had? It is a transcript of a conversation. The date at the top is June 17 of 1986.

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A Yes. This is a follow-up of the other one in which based on instructions, after talking with North, I kept -- adhered to the view that we would do everything according to the program we wrote out in Tehran.

Q Let me just get back to 515 for a second. I note at the end you indicate once again that you have doubts that the Iranians have control over the hostages at all.

A That is this one?

Q Actually it's the last several words of 515.

A Oh, yes. Because one of the things we had told them before we left is if you want this deal to go through, they better get control over some or all of the hostages. From the way he talked when I brought this up in this conversation, I sincerely doubted that he was telling me the truth.

Q Did they -- the Iranians -- did they essentially admit to you in Tehran that they did not have control over the hostages?

A Yes.

Q That they could exert influence but didn't have the ability to snap their fingers and order release?

A They had a person or persons over there with whom they were in contact; and the way they put it to us is that they thought that they could get -- were pretty sure they could get control over two, but it would be a very time

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consuming process. It was at the Tehran meeting where the real problem with the captors emerged, i.e., the 17 Dawa prisoners in Kuwait.

Q It was at the Tehran meeting when that became one of the bargaining --

A Very clear. Realizing that we could go so far and then nothing -- nothing could happen with regard to the hostages until the Dawa prisoners issue was cleared up.

Q The next memorandum I have of a conversation that you had is number 516 and it refers to a conversation on the 22nd of June. A moment ago you mentioned a conversation on the 20th.

A It could be the date. I can take a look at it.

This is the first indication. This is why he is urging me to contact the merchant. The merchant refers to Ghorbanifar. To contact the merchant to get the details.

Q Is this then the first conversation where he begins to express concern about the pricing?

A Well, I am talking about hindsight. That comes out later. This is why he is saying contact the merchant.

Q There is just one specific question I wanted to ask you about this one. In paragraph 2 of this document, which is again 516, it says "He pointed out that the previous release of the one person returned for the one thousand had not left them in good order as the one

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thousand were not that important and they had to return the other materials."

What is he referring to, the one thousand?

A I assumed that he was referring to the one thousand TOWs delivered in February.

Q Right.

A But that doesn't make sense. There is nothing released for. The other things were the HAWK missiles that the Israelis delivered in November that were all returned.

Q I take it all the references to four million and two million, those are referenced to the hostages?

A Yes.

Q But your understanding at the time was he was talking, when he talked about the 1000, he was referring to the TOWs?

A Referring to the TOWs.

Q That is what I assumed as well.

A But he may have been referring to the -- just made a mistake in the number and meant the original 500 which precipitated the release of Weir. He may have got the numbers wrong. He's not very bright.

Q He's not?

A No.

Q Is he the one whose breath could curl --

A It was awful.

Q Was that him?

A Yes.

MR. WOODCOCK. For the record, it should be clear that that is a reference to a breath that would curl a rhino hide.

BY MR. EGGLESTON:

Q You indicated a couple of times, and I have not asked you any follow-up questions that the people actively engaged during this time was really not you and people at the Agency but the people who were active were Ghorbanifar and Nir?

A Oh, yes. During this period. They were the ones really dealing with the Iranians.

Q How did you know they were doing that?

A Because there were calls from Ghorbanifar and Nir and I think to both Charlie Allen and Colonel North and I think North saw Nir at some point during this period.

Q I have been generally asking you about June of 1986. You think June or July?

A I can't remember when Nir saw the Vice President. I don't know what that date was.

Q That was June 29th -- excuse me, July 29th.

A July 29th. Leading up to all this is that Nir was working very hard with Ghorbanifar to keep this thing going.

Q Do you know who Nir was dealing with on the Iranian side, just [redacted]

A But via Ghorbanifar.

Q I remember from the last time we talked that you stated that after Ghorbanifar's arrest in late April he had begun to have some financial problems and that the Iraelis might have been helping him financially?

A Nir might have. That may have been what the reference to the $2 million was in the 22nd of October meeting with Furmark. I don't know. We suspected Nir was involved financially with Ghorbanifar. For what reason -purposes, I don't know.

Q Was he still financially -- he meaning now Ghorbanifar -- still financially hurting at this time through the summer of 1986?

A Yes.

Q The next memorandum --

A I think [redacted] you see an enormous amount of complaints. Now they paid him at some point in June, which he confirmed, 4 million bucks.

Q Four million?

A Yes. Then you get -- there is a conversation between I and [redacted] on the 27th of August in which he assures me they have settled all their outstanding accounts m10 with Ghorbanifar.

Q Was the $4 million that he was paid the money for the HAWK parts that had been delivered in May?

A [redacted] said yes, but Ghorbanifar said no. He said only $1 million of it was for the HAWK spares and $3 million for another deal.

Q A deal unrelated to the United States?

A Unrelated, yes.

Q Did you ever decide who to believe in that one?

A No. Well, the Iranians were actually -- one of the sort of amusing things is both the new channel -- they told us they ~~are~~ were so confused about all the deals that they had negotiated with Ghorbanifar that even they... So based on the separate meetings here in Washington, I urged them to put some accountants onto it, which they did. They said they had a team of accountants at, I think, the end of October meeting they told us it was worked out.

Then the figures were given to us on 7 November that, yes, they did owe Ghorbanifar another $10 million. But the way they calculated, he also owed them an additional thousand TOWs and they would be willing to discuss it with him.

It was very interesting that Furmark proposed letting him sell a thousand TOWs to the Iranians as a way of getting out of all of this.

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Q Letting Ghorbanifar?

A Yes.

Q How was he going to get the TOWs? From us?

A I guess.

Q My notes reflect there was [redacted] around June 20th which indicated some very specific prices with regard to the amount that the HAWK parts had cost. Do you have any recollection of having seen that?

A That might refer to the Iranians got hold of these Department of Defense microfiches which list prices but are not really published for the purpose of price. They are published to get the serial numbers and descriptions correct for ordering them. I think that is what they are referring to.

Arguing with Ghorbanifar, hey, look, according to the Department of -- documents we got from the Department of Defense the price of these items is only such and such and you charged us six times as much.

Q Let me show you a memorandum of a call with [redacted] on June 30. It is CIIN 517 which is a call where there was a lengthy discussion about -- as you say -- "continued to harp on the price of 240 items."

Does he have the microfiche by the time of this conversation?

A Yes. He kept insisting and I kept telling him

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that we had to sell them to a middleman and he had to deal with a middleman on the pricing. There was nothing else I could say.

See, here I think this is the first time the microfiche comes up in our conversations. No. It came up once before. That is right. I said well, if you have it, send it. And we eventually got it, but even much later than this.

Q You eventually received his copy of the prices?

A Just part of it. Then we were able to identify what it was he was talking about.

Q Did you identify where the price list had come from?

A Yes. It is the Defense Logistics Agency in Battle Creek, Michigan. They print these things and send them all over the world.

Q So it is not any kind of a secret item?

A No. At least, I can't -- I wonder why they were sent to Iran or how they got them. But actually they are not -- they are not specifically for pricing. There is a cover sheet which says these are to be used primarily because the pricing of any item is based on the replacement cost to the U.S. military. Unless it is going to be excessed.

Q There is a price reflected on it?

A Yes. I think -- you know, it is very difficult for me -- the explanation that I got, which we tried to later use with the new channel, was that the price was a manufacturing price -- the manufacturer's cost. Whether that is true or not, I don't know.

Q I am sorry?

A The price on these microfiches was the manufacturer's cost.

Q How much after this conversation did you actually receive the list, if you recall? This is late -- last day of June.

A Sometime in July.

Q Sometime in July?

A Yes.

Q This conversation, probably at least by now, you are pretty well focused. [redacted] You are focused the Iranians believe they paid $24 million or so for these HAWK parts?

A Well, we don't know -- what is very clear is the Iranians are clearly aware of the fact they are paying a hell of a lot more than the listed price.

Q Did you -- what if anything did you do after -- by this time it seems to me -- pardon me.

By this time I would suspect there is some concern because they are really starting to get upset about the prices. There must have been some concern that the prices are so high you had to start wondering whether or not they are just going to kill the hostages as revenge for them getting ripped off. You must have worried about operational security, to use a term?

A There was a concern. I think at one point, in one of those conversations, I asked that we discuss it when we meet in Europe. I also talked to Colonel North about it. But the basic position we took with them was that he should haggle it out with Ghorbanifar since Ghorbanifar was the man that actually sold the stuff to them. This is one of the reasons why when we met with the new channel that we did not deal via Ghorbanifar.

Q Did you and Colonel North ever go to Ghorbanifar and say what in the world is going on? We gave you items worth $6 million and we are now learning from everybody under the sun that you charged $24 million? What in the world is happening?

A No. Because the next time we see Ghorbanifar is at the 27th of July meeting.

Q Is there any -- let me ask at what level the meetings got on this in the United States as your intelligence and your information continues to develop?

A On this specific problem?

Q This price disparity.

A It was just basically meetings with Colonel North, I think; [redacted] is involved. Because -- and Charlie Allen, because there was some concern what the Iranians would do.

Q How concerned are you? I am really talking now from here up to the meeting of July 27th? How concerned are you that there might be some risk to the hostages as a result of this dispute?

A Well, I don't --

Q Is it serious?

A I don't think there was a serious risk to the hostages. The hostages were very valuable to the captors.

Q You mean as opposed to the Iranians?

A Yes. So that I don't think they were going to give them up; and the Iranians had other long-term goals in mind in this, so that whatever the problem was on this, I don't think they would allow that to deter them from their long-term goals.

Q Let me, as I sort of keep going through things here, ask you there are a series of meetings -- I should say two meetings on July 10th and 11th of 1986. The dates are reflected on document 169 and 170. Are these your notes?

A This is mine, but I am trying to remember who it

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was talking to.

Q Since it has been redacted --

A Ten July?

Q It looks like Hakim is there?

A Yes. I wonder if I wrote this. Sam is me.

Q That is what I assumed.

MR. PEARLINE: Can we go off the record?

(Discussion off the record.)

BY MR. EGGLESTON:

Q Let's go back on the record.

I will ask you so the record is clear, I have showed you two documents, 169 and 170. Could you describe what those two meetings were about?

A This is the beginning of our attempts to open up a new channel. We had learned from business contacts of Hakim that [redacted] had been out and had contacted a close friend of this guy here saying that Rafsanjani was interested in a discrete contact with the Americans. For some reason, [redacted] also wanted to contact Khashoggi. We never found out why. So what we did is Hakim brought [redacted] -- they have his name, don't they?

MR. PEARLINE: Yes.

THE WITNESS: [redacted] to the United States. We talked to him on the 10th and 11th of July.

m17

MR. LEON. Who is we?

THE WITNESS: I talked to him. I think -- I am sure Colonel North met with him on one of these days.

But the -- he might have met with him separately from me.

But at this meeting it was Albert Hakim and myself talking to him. And also on the 10th of July.

BY MR. EGGLESTON:

Q Okay.

A Colonel North did not participate in these two meetings, but I think he met with him.

Q Was this the beginning of the second channel?

A This was the beginning of it because this man was then instrumental in arranging the meeting in August between [redacted] and General Secord in Brussels.

Q Thank you.

A I am sorry I didn't recognize them. I did that on the computer. That is why the mistakes are corrected.

Q Not on your home typewriter?

A On my home computer.

Q I hope it was Tempest secure.

The following day on July 12, you have another conversation -- I don't know if you recall it -- with [redacted] I will hand this to you to refresh your recollection. It is CIIN 518.

m18

A Oh, yes. I wish Charlie hadn't given him my home phone number.

Q So he's calling you at home?

A Yes. Which made my wife extremely curious about what the hell was going on. She knows some Persian. Yes.

Q I take it that this conversation was a continuation of the complaints about the pricing as well as some discussion of a need to get a hostage released before anything was going to happen?

A Yes. This is a pretty blunt -- and it was pretty clear at this time that they had not succeeded in much at this point.

Q That who --

A The Iranians hadn't succeeded.

Q They hadn't gotten very far about getting a hostage released?

A Yes.

Q Was it your impression they were working pretty hard to get one released?

A We didn't have any corroborating -- there was no corroborating information [redacted] but what we got from Nir and Ghorbanifar was that there was efforts being made and in the conversations with [redacted] He would always keep saying yes, we are trying, we are trying.

m19 Q The next indication of an event I have is that on July 21st, you met with Nir. **You must have** gone to London to meet with Nir, you and Oliver North?

A Okay. That is when that meeting was. Yes.

Q First, did anything happen between this conversation with [redacted] on July 12th and this meeting on July 21st in London? Do you have any recollection of any significant events ?

A No.

Q Maybe you could just describe the meeting of July 21st.

A This is the one -- this is -- what transpired at this meeting is Ollie and I flew over to see Nir. It was one of those typical North trips where you get off the plane for six hours and are supposed to get back on another one. I didn't. I again spent the night in London.

But what it was is so they could discuss the fact that Ghorbanifar thought he had come to some sort of an arrangement to get things moving again. We agreed that -- as I recall -- I don't recall an awful lot about that meeting. I was awfully tired, but in any case, this is what I believe -- the way North put it, if something can be done -- I think we were talking about if we get a hostage released, we would send the rest of the spares in because Ghorbanifar thinks then [illegible] can continue on with the deal.

As I recall, North said yes, they would give that active -- our side would give that active consideration. That is about all that transpired at that meeting that I can recall. Nir immediately took off to see Ghorbanifar to see what the status of play was; but as I recall, North also said that we would do nothing until -- someone has to be released.

Q So you stay an extra day and come back --

A The next morning.

Q -- the next morning.

I take it the next event that takes place is the meeting in Frankfurt?

A Yes.

Q Who attends that meeting in Frankfurt?

A Ghorbanifar was there, Nir, North, and I.

Q And according to my notes that takes place on around July 25th? Well, let me ask it this way. Was it the day before Jenco was released?

A I think so. Wasn't he released on the -- was he released on the 26th or 27th? I am not sure.

Q I sort of lost track.

MR. WOODCOCK. The 26th.

MR. LEON: Jenc~~k~~o was released on the 26th.

THE WITNESS. The 26th; yes.

m21

BY MR. EGGLESTON:

Q What occurs at that meeting in Frankfurt?

A This is the meeting where in return for the release of Jenc~~i~~o, they would send in the rest of the spares which is basically what happened.

Q How long does this meeting last?

A It was in the airport hotel. It didn't really last that long.

Q Couple of hours?

A About an hour-and-a-half.

Q Was it another quick turn-around? Did you get right back on the plane and come back?

A As I recall I had some other business I could take care of in Frankfurt. North probably -- he always did.

Q North always went straight back?

A The next plane he could get. He always did that.

Q Was there any discussion -- this is the first meeting then that you had with --

A Wait a minute. North did send K~~Y~~L-47 message from the hotel. I guess he did stay that night. Saying what was -- to alert them what was happening. And then -- to make the arrangements to receive Jenc~~i~~o.

Q So you think he stayed that night?

A Yes. In fact he stayed in Europe because of

Jencko.

Q Were you certain as of that meeting that Jenc~~k~~o would be released the following day?

A Yes, as I recall we were.

Q Did you have any conversations when you were there with anyone in Iran?

A I don't recall any.

Q You don't think so?

A No.

Q But it was not -[redacted] was not present at this meeting, you take it?

A No.

Q And then Jenc~~k~~o was released the following day. Let me ask, you indicated -- this is the first time you met with Ghorbanifar I guess really since the meeting in Tehran; is that correct?

A Yes. I think -- as I recall it is the first meeting I had with him since Tehran.

Q Did the subject of the pricing of these -- of the HAWK pa[illegible]come[illegible]ring the course of this meeting?

A I think Nir asked us not to bring it up.

Q Do you know why?

A No. I don't recall. I was fed up with the whole pricing issue by then anyway.

Q I take it, though, you still have to be concerned

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that it is on your scope or whatever?

A What happens -- Okay. What happens at this meeting, we took up something else. It is at this meeting that Nir tells us -- he also tells us at the meeting in London -- okay. That Ghorbanifar had made counter proposals, which is this giving them a reduction in price of $6 million, what have you, and that there was a letter -- had sent a letter on the 8th of July.

Q Right.

A Nir promised that we had not yet gotten that, as I recall, when we met. But we were told this would settle everything. This is -- you have a copy of that letter.

Q I do.

A I don't know whether it was settled, but as I recall there wasn't that much hassle about the price afterwards in conversations I had with -- it sort of changed.

It was me pressing [redacted] to get on with the deal, get everything settled so we could continue.

Q This is after which time now?

A This is after the 27th July meeting. Finally, at the end of August, [redacted] tells me they settled all their accounts with him.

Q Let me get to the 27th of July meeting. Where does that take place?

A That takes place at [redacted] in Frankfurt.

Q So have you basically -- you had a meeting on the 25th in Frankfurt. The 26th Jenc~~k~~o is released. Then there is another meeting on the 27th? Is that right?

A I think there was just the one meeting on the 25th. I might have had the dates wrong.

MR. LEON: Could that meeting have been on the 26th instead of the 25th?

THE WITNESS: I didn't make a memo of that meeting.

BY MR. EGGLESTON:

Q I think that is right. Let me ask it this way because I care less about the dates. You distinctly recall having a meeting with Ghorbanifar right before Jenc~~k~~o is released?

A I thought it was right before he was released.

Q We don't have a memo to show you but let me -- I can read it to you. There seems to be some indication in some contemporaneous notes North wrote to Poindexter you were leaving the night of the 26th and Jenc~~k~~o is released the 26th and you were going to meet North and Secord in Frankfurt tomorrow, which would be the 27th. Nir and Ghorbanifar depart London tomorrow. And will also meet in Frankfurt the next day.

m25 I guess the significant issue --

A You know, I don't recall meeting Secord.

Q You don't think Secord was in these meetings?

A I thought it was just Ollie, myself, Nir, and Ghorbanifar. I don't remember Dick participating.

Part of the problem was I had nothing to do with the hostages, I mean when they were released. That was all taken care of by North.

Q Right.

A So I'm kind of hazy about the timing.

Q Let me ask it this way, I guess, just so we are clear. Do you think around this time there was only one meeting, though? There wasn't a --

A I only recall the one meeting.

Q Do you think that the meeting then -- and I know you don't have any memoranda on this -- but is it your best recollection the meeting was -- it seems to me there are two ways. It was the day before, something was along the following lines, damn it, you have to get a hostage out or we are not doing anything and he says it will happen tomorrow. Or the hostage is released and it is said the hostage is out, let's get our act together.

A It was a foregone conclusion he was being released when we had the meeting.

Whether we met --

m26

Q I get it.

A You know, immediately before, because I know Ollie was very busy sending K~~A~~L-47 messages about how to handle the -- Jenc~~k~~o when he was released. Didn't they hold Jenc~~k~~o for two days?

end mas

Q You mean held him without revealing that he had been released?

A Without revealing he had been released.

Q I think that is right. Hoping additional hostages would be released?

A Yes. I think we were misled by Ghorbanifar on that.

Q Ghorbanifar suggesting there might be additional people?

A I think that is the way it went. We were hopeful of getting more.

Q You think it might have been --

A The confusion might have been on the fact that Jenco was held.

Q He had actually been released, but it wasn't public.

A He was held for two days before it became public.

I am hazy -- my memory is hazy because I was not directly concerned with the hostages. [redacted]

Q You think it was only one meeting?

A I am sure we only had one meeting.

Q Let me ask you, this is CIIN --

A There may have been another meeting that I did not attend.

Q I understand that.

Is this in your handwriting?

A No. That can be read.

Q It seems to say at the top of it "Cave to be."

A That is not my handwriting.

Q Can you tell by looking at it what meeting those are notes from?

A Oh, man.

Q It is not that important if you can't tell.

A I think that might be from that meeting because of the timing of some of the things.

Q That was my guess.

A But I couldn't be certain. That is not my handwriting. It has "Cave to --" -- I think that is Ollie's handwriting, isn't it?

I couldn't tell you precisely, but from the things that are being discussed, it could have been that meeting, because it is certainly some time around the end of July. I can't positively identify it.

Q Between -- if I didn't, the number CIIN 584 -- that is the number of the document about which Mr. Cave was just speaking -- between the meetings that had occurred on July 10 and 11 of 1986 and the time of these meetings in late July, had there been any further development of the second channel?

A No. That didn't occur until August.

Q Let me just ask you -- I will show you CIIN 519. That is a memorandum dated 9 August of 1986, I think. Is this a document you had something to do with?

A Yes.

Q Who is [redacted]

A Me.

Q Had you changed your alias by this time?

A No. [redacted]

Q Unredacted.

A How did that get through. Okay.

Q Do you remember this call?

A Yes.

Q What was the purpose of this call? I can't recall this that well.

Did you call him or did he call you? It is a call to [redacted] for the record.

A I don't recall precisely whether he called me or I called him, but this was kind of an interesting call, because nothing ever transpired that was discussed in it.

By this time we had already contacted the second -- the second channel -- 9 August.

Oh, no, hold on a minute. Wait a minute. We had not yet contacted the second channel when I made this

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call. In this call, he indicates that they were prepared to settle their accounts with Ghorbanifar as soon as the military had finished the inventory of the parts that we sent on 5 August. This is why he is so pleased, that we completed our end of the bargain. Yes. It jogs my memory. As I say in here, to get things moving, we are going to have to meet. He agreed to it. He seemed very -- he had been in a dour ~~[illegible]~~ mood in all the previous calls. He was very happy about this one because his tail was on the line on this one, too.

Q The next thing I think that happens, at least as nearly as I can tell, is there is a mid-August meeting with the second channel.

A Yes, that is correct.

Q Could you describe how that is developed and what occurs. I take it you don't attend that meeting?

A No. That was Secord.

Q Can you tell us how that meeting got put together, who was present, what happened?

A That meeting was arranged by the new Iranian contact that we ~~saw~~ on the 10th and 11th of July. It was arranged for ~~upon~~ Brussels ~~because it was~~ easiest for [redacted] to get there. He had business there. Belgium is where the Iranians buy most of their medicines for the treatment of the wounded.

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I forget the exact date of the meeting, but it was sometime around mid-August. At that meeting, he agreed to come out again and meet with us in Washington.

Q Do you know who met with him in Brussels?

A I think it was just Secord and the other two Iranians.

Q Do you know whether Hakim was at that meeting?

A I don't know for sure. I know -- I know General Secord was there. I think that Hakim was in the States at the time, but I couldn't swear to that.

Q As of this time, what is the focus of this second channel? What is it that you are hoping to achieve through the second channel that hadn't worked through the first channel?

A Well, what we were always concerned about is nothing seemed to happen. In other words, there were no real concrete proposals from the Iranian side on a strategic and political relationship. This had been discussed at great -- ad nauseum in Tehran. And Tehran -- in Tehran, the Iranians talked about the undesirability of the Ghorbanifar [redacted] channel. So that they agreed to look for a new channel and we were to consider the new channel.

One of our assumptions was the initiative of [redacted] [redacted] was based on discussions in Tehran. In other m3 words, when they got together back there and said what are we going to do now, we said well, we will work it out. They are very paranoid. [redacted]

Q Was it your understanding that this second channel was really dealing with the same people?

A And would deal with the issues. But it would deal with issues which never really got dealt with in Tehran.

Q I think you indicated you had a conversation in late August of 1986?

A With [redacted]

Q Yes.

A That is when he tells me -- I think one of the last conversations I had with him was on, I think, the 27th of August. Do you have a record of that?

Q I don't have a record. I have a record of a memorandum by Charlie Allen but not a record that you prepared of the conversation. There may be one and I haven't seen it.

A That is the one where he tells me as of the 21st of august that they had squared all their accounts with Ghorbanifar.

Q Is this where he tells you about the -- we owe him money but he owes us TOWs?

A No. [redacted] never tells me this. This we get m4 from the new channel.

[redacted] tried to -- from that point on, tried to get information out of me on the second channel. Based on conversations with the new channel, I always sort of ~~pared~~ parried him off on it. Stonewalled him on it.

Q Has there been a decision by this time that you are not going to deal -- you meaning people in the Agency -- are not going to deal with [redacted] and Ghorbanifar?

A There is no concrete decision. There is a great deal of concern about how we handle Ghorbanifar so he doesn't go public or doesn't screw up the operation.

Q Who throughout this period of time is participating in these strategy meetings about how to deal with the termination of the old channel and the surfacing of the second channel? Who first at the Agency is involved in these decisions?

A Not me. It is basically the decisions have to come from the NSC. We give our views. [redacted] gave his views; I mean; Charlie his. I don't think Casey had strong views on this.

The problem was that even after the Tehran debacle, Nir was insisting on the use of Ghorbanifar; and after the release of Jenco, he continued to argue that Ghorbanifar proves he can get things done.

So it was a very complicated thing and it was complicated by the fact that we wanted to keep the whole initiative secret and we were afraid if Ghorbanifar was cut off, he might go public or at least take some steps to screw up the operation.

In our initial conversations with the new channel, [redacted] we spent a lot of time discussing this, how to handle it. They had some ideas and we had some ideas.

Q So the new channel was also concerned about what reaction Ghorbanifar might have?

A Yes. And we were very concerned about it also.

Q Let me just expand on the question. Is Clair George involved in these conversations about -- these planning conversations about what to do? He's a name you haven't mentioned much up to now?

A I don't think Clair really got involved an awful lot until after we got into the second channel and then the thing got exposed.

Q How about Dewey Clarridge? Is he involved?

A Dewey wasn't involved really that much. Dewey sort of stood in when someone -- in other words, he was involved in a couple of meetings because we didn't have very many people who were cut in. So when you wanted to review something, what are you going to do? It is nice to have a senior experienced officer. Dewey, when [redacted] was

m6

away on trips, Dewey would take over his role in this operation.

Q So he was essentially there as another sounding board, idea guy to decide what to do?

A Yes.

Q But he was not involved operationally?

A He was not a key player in this operation, no.

Q Between the time of this conversation with [redacted] in late August and then I take it there is a meeting in Washington with the second channel on the 19th and 20th of September?

A That is correct.

Q Were there any meetings with either Ghorbanifar, Nir, or with the second channel between those two times?

A None that I participated in. That I either participated in or knew about.

Q So could you describe how this second -- this meeting on the ~~20th~~ 19th and 20th of September gets set up and what occurs during the course of that meeting?

A This meeting was actually arranged when Secord met with [redacted] in Brussels; and it was agreed that he would come out [redacted] and when he came out, we would arrange to bring him to the United States for discussions.

I think he came out on the 12th or 13th of

m7

September and Secord made the arrangements. We flew him over on the 15th or the 16th. We arranged to have him brought in. He stayed out at Seven Corners at the Sheraton, that strange Sheraton that looks like a phallic symbol. That is right across the street from Hakim's offices.

We met him in Hakim's offices. This was very interesting because he came with some specific proposals and was obviously trying to find out how much of all the deals that Ghorbanifar had presented to them we were willing to go through with. And spoke frankly about their problems with the war and with the proposed offensive against Iraq but what was important, he made a definitive proposal about how to proceed on normalizing relations between the two countries.

Q Do you recall what the proposal was?

A There were two. One was he said that if you agree, our side feels that a commission should be formed, we will have four members, you will have four members, that will meet in secret and propose steps that can be taken toward the gradual normalization of relations between the two countries. In order to put a seal on this, he also proposed that we have a meeting at the Under Secretary level and said their Deputy Foreign Minister would attend the meeting.

I don't know if it was at that meeting or a subsequent meeting that he said that they might bring their ambassador in London since he was pretty bright and was one of Rafsanjani's men.

Q Who attended this meeting?

A There were two meetings on the 19th and 20th. On the American side, it was myself, Ollie North, and Secord. By this time, the first time, Secord is taking -- is participating directly in substantive meetings.

Q This is the first time since you have been involved?

A Really the first time. On the Iranian side of course it is in [redacted] but there was another Iranian there who is one of their officers [redacted]

Q He was also present?

A But he did not participate in most of the discussion.

Q Was Hakim present?

A He was there but he did not participate in the substantive discussions.

Q I just want to make sure I understand what you mean. Was he present for the substantive discussions?

A He was there, but he did not take part in the discussions. In other words, we went into a room and talked.

Q Without Hakim?

A Ollie's theory was that Hakim could then handle the business end of things such as they wanted.

Q By this time -- it struck me that some of the early meetings [redacted] attended way back in the spring of '86. By this time he is not attending any meetings. Is there a reason that he's not attending?

A No. I guess they decided to let me handle them. We still considered this basically an NSC initiative.

Q I wonder if there was a decision about why he wouldn't be there. Particularly with the new channel which seemed to be promising, I wonder if there was discussion about someone else should be brought in?

A No.

Q There was also a discussion -- actually I interrupted you. You told me about the meeting of the 19th. Was the meeting on the 20th in the same place and the same players, substantially?

A Yes. It was -- we gave [redacted] a briefing on the Soviets on the 20th.

Q Is that --

A I did that.

Q Is that substantially all that happened on the 20th?

A I think there were some other discussions, follow-up discussions. Ollie told him that for the time being our side on the commission he proposed would be Secord, myself, and Colonel North. We also discussed possible steps.

One of the proposals made was maybe we could open -- take steps in the near future of opening commercial relations, expanding commercial relations between the two countries leading up to maybe active interest sections under our protective powers. Things like that were discussed.

It was very positive and [redacted] was very forthcoming [redacted]

Q

MR. LEON: Did you say McFarlane was there?

THE WITNESS: No. McFarlane -- after the Tehran meeting, I did not see McFarlane until we worked on the

President's speech. That was on the 13th of November, 1986? Was that the day he made the speech?

BY MR. EGGLESTON:

Q Yes.

A We did a lot of the notes for the speech writers.

MR. LEON: Is there any reason why you didn't see McFarlane again?

THE WITNESS: I don't know. I don't know whether he decided he didn't want any part of it or what, because I had no contact with him. At one point sometime in the summer, Ollie told me that -- he said McFarlane would like to see you to talk to you again, but it never happened.

BY MR. EGGLESTON:

Q Had you heard of the second channel? Did you know the person by name prior to the time you had met him? Is this a famous person?

A We had heard of [redacted] but not him.

Q Had you been able to verify that he was indeed a substantial -- had you been able to verify independent of what he said to you that he was a substantial person?

A Yes.

Q There was also during the course of these conversations some discussion about their military needs?

A Oh, yes. That is what I said. One of the m12 things that he was trying to find out is just what of all the things that they had discussed with Ghorbanifar they might be able to expect that they could get from us.

One of the important things that this -- I think it is somewhere in there, it was either at this meeting or the first one in Frankfurt, North emphasized there can be no normalization or resumption of an arms program until there is a resumption of the normalization of relations between the countries. They fully understood that.

Q What did you understand him to mean by that?

A We would have the resumption of normal diplomatic relations between the two countries.

Q Did you also understand that to mean all the hostages had to be released before there would be a resumption?

A That would be part of it. But I think by that time -- well, everyone had different views. Having spent my time in the Middle East, I didn't think we were ever going to get all the hostages out. I know a lot about [redacted] [redacted] They are one of the most independent-minded people in the world.

Q So I take it you had real doubts they would respond?

A That is what I told Casey when we came back from Tehran. I said I think we will get two out, maybe three, but they would never release all of them until they got some movement on the 17 in Kuwait. And also when we were giving the U.S. position to [redacted] about we want all hostages, not only Americans released, [redacted] was very concerned. He said because the -- particularly the French hostages, where the captors were demanding release of the Dawa prisoners before there would be much movement on the French hostages.

Q Just as a matter of interest, was there a reason he was tying the French hostages so closely to the Dawa?

A I don't know except you know what you can surmise that the captors thought there might be more -- the French might be willing to put more pressure on than we were. The French might be more flexible.

Q Was there any -- at these meetings on the 19th and 20th of September, was there any specific discussion about delivery of additional weapons? Was there a plan formulated?

A There wasn't an outline of a plan. We were prepared -- I think this is the first time we talked about an additional shipment of TOWs in return for the two hostages that were at that time being held.

Q There were two left at this time?

A Yes. No. There were -- there were three left at that time.

m14

Q That is right. Two had been released and there were five total. Had the additional hostages been seized by this time?

A Yes. You will see there is a telephone call where I call [redacted] to complain about the --

Q The seizure --

A This is after they released Jenco. Damn. I can't remember the dates. I remember calling [redacted] to complain. You release one and they pick up another one. That is a wash. But I can't remember the exact date of that.

end mas

Q But it is your recollection that after this, in this meeting on the 19th and 20th, there were some discussions about going ahead with an additional shipment of weapons?

A Oh, yes.

Q Was it your recollection that it related to TOWs.

A TOWs is my recollection.

Q There is another meeting on October 8 and 10 in Frankfurt.

A There were other things that happened.

Q I was going to blanket it. What happened between that meeting and the meeting that takes place in Frankfurt?

A As a result of the steps, I briefed Casey on what had transpired. I wrote a memo which you have there. I talked to [redacted] In my talks with [redacted] I said because of the nature of the promise made by the Iranians-- the State Department has to be briefed at sufficient level because it is becoming a policy issue.

He agreed and talked to North on the 22nd of September, with which North agreed. We also agreed we have to look toward sending some intelligence based on these contacts.

On the 24th of September, all this is because it looks kind of positive, all this is discussed in a meeting in Poindexter's office in the White House. I can't remember every one that was there.

Q As best you recall?

A What we did was go over this. I forget -- I think Casey was there. I was there. But the important thing to me is that toward the end, at the end of the meeting, I talked privately with Poindexter, and reiterated this point; that the State Department had to be brought in. He agreed and said, "I am going to call George Shultz right away."

So from that time on, I was under the impression that the State Department was being kept fully apprised by the NSC about what was going on. Because the Iranians were talking about this deputy foreign minister meeting sometime in November. So that is what happened. Everyone seemed -- things seemd to be pretty positive. Then we go to the meeting on the 8th -- from the 8th through the 10th of October.

At this meeting one of the guys who was -- one of the original four people we talked to in Tehran shows up. He is [redacted] We give a brief -- [redacted] They give us a brief and a huge map of the Iranian military order of battle [redacted]

[redacted]

I also give them a brief on our view of the Iraqi war [redacted] I think it is at this meeting that they give us the four names of the people proposed for the joint committee, and also complain that we ought to move in along faster. This is the meeting in Frankfurt.

Q I take it you and North are the only two participants from the United States in that meeting?

A Secord.

Q Secord is also present?

A Yes and also Hakim is there. Because of the long, drawn-out nature of these, he translates some of the stuff when I am hoarse from translating. So that is in general what transpires at the first meeting.

Then there is more talk about -- they had -- at all of these meetings, they emphasized their need. [redacted] They talked about other things. They were continually talking about drone aircraft. There were no commitments made. In fact, Ollie continually emphasized that we can't have anything regularized until after there is formal regulations. We also got at this -- at the September meeting and the October meeting a lot of the rationale behind why the Iranians were willing to talk to us; telling us about the fact that they realize once the war was over they had to rebuild the country and the only way they could turn was to the West.

Also concern about the radical wing in Iran, we got quite a bit of information we had never heard before ~~[illegible]~~ on these things. There is one other thing that was important. Oh, what came out was that on ending the war, in addition to the fact that they had -- they said the rationale behind the final offensive -- this was at the early October meeting -- was they felt they had to gain enough territory or enough strategic objectives so that they would be in a very good bargaining point at the end of the war [redacted]

The one worry they had was that once the war was over, would the United States resume its arms supply? In other words, they ~~[illegible]~~ want to agree to some sort of negotiated end to the war, and then find out they would not be able to rebuild their military, which they wanted to do with American equipment if at all possible.

Q How did Colonel North respond to that? How can you--

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did you respond to that?

A One of the reasons they asked this is that North's position has been, look, there can be no normalization of arms sales with Iran until after the normalization of diplomatic relations. I think he put on as positive a nature as he could by saying it depends on whose administration is in power at the time whenever this happens.

Q Let me ask a couple of other questions about this meeting. Is this the meeting to which Colonel North brought the bible?

A No. That was in September, I think.

Q That was the September meeting?

A Yes. Because he took them through the White House. He took him on a tour of the White House. I think he gave the bible there. See, there was a mix up in my testimony to the Senate, because they asked about the cake, and said was there a bible. I said, yes.

Then they didn't ask me whether the bible and cake went together.

Q The cake was in Tehran?

A The cake was in Tehran. The bible came later.

Q Do you have a firm recollection about whether the bible came in the United States or whether the bible occurred in Frankfurt?

A I am pretty sure it was in the September meeting in b-

the United States.

Q Was there -- were there -- did any money pass at this meeting?

A Which meeting?

Q At the meeting the 8th to 10th of October?

A No. That meeting -- that was what we nailed down. [redacted] said, "Okay, I am going to go in via Damascus and make sure on the release of two hostages and we would ship 500 TOWs.

Q Was there any discussion about how much the 500 TOWs would cost them?

A No.

Q Was there ever a discussion in your presence about how much they were going to cost?

A I never recall any discussion in my presence about what the price to the Iranians would be. I assume that Nir briefed Ghorbanifar not to discuss it with me or something. I never heard any specific pricing on what it was going to cost.

Q By this time Nir and Ghorbanifar are out of the picture: is that right? I don't mean out of the picture, but out --

A We are discussing with the Iranians. The Iranians at the September meeting that they might get Ghorbanifar back to Tehran on arms business, and then keep him there until this thing got further along, working on something back in

Tehran. One other -- they even told us they had discussed buying off Ghorbanifar, but Rafsanjani didn't want to do this because if it ever surfaced he had paid off Ghorbanifar, he would be in deep political trouble.

So they asked us if we could do anything. We said, "Well, there is not much we can do." So what they -- at this early -- I think it was at this October meeting, the early October meeting, [redacted] said that what they would do is they would continue to throw some arms business this way to keep him quiet.

Q Did you have an understanding --

A I never saw Nir -- there was a meeting -- I don't know which came last, whether it was the meeting in Frankfurt or a meeting he attended here. He came here for a terrorist meeting. We had a meeting with him. I can't remember when that was.

Q Did you have an understanding as of this meeting in early October about just how the transaction would take place with the TOWs? Because by now it appears to me that you are -- at least as to this transaction -- essentially cut Ghorbanifar out of the loop and maybe Nir with him.

A They said they would pay direct.

Q Direct from Iran to Secord or direct from Iran to the CIA account?

A No. No. No. They would pay -- they would deal with

Hakim.

Q So they would pay --

A Which I guess is the same as Secord.

Q And any recollection of how much the price was? I know I just asked you this.

A No. When we talk about the meeting at the end of October, we can get into how that worked.

Q Actually I was going to go to that right now.

A Okay.

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(Discussion held off the record.)

BY MR. EGGLESTON:

Q Let me ask you, you have a meeting with [redacted] [redacted] again, the second channel, as we have been calling him, in late October?

A That is correct.

Q Did you have any other meetings that were relevant to this between the end of the meeting in early October and the meeting in late October?

A Furmark.

Q We will get to Furmark in a second. Could you tell us where did the meeting take place in late October?

A It was in Mainz.

Q Could you spell that? M-A-I-N-Z. It is right down the river from Frankf~~o~~urt.

Q Who was present at that meeting?

A North, myself, Hakim and Secord.

Q From the Iranian side?

A It was [redacted] and [redacted] wasn't there at that one.

Q [redacted] from --

A The two -- the Iranian in London, the two Iranians in London came over, but they didn't participate in the meeting. They were there.

Q What occurred during the course of these conversations

A Well, the key thing was -- there were two key

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things. He told us that he had definitely, in talking to the captors, had definitely received a commitment to release one hostage. He asked us if we wanted to name the hostage, and we said no. He said he was pretty sure he could get a second one released. But he would not promise on the second one. He said, "I can't give my word on that. It looks pretty good."

He also said there has been some problems. This was the other important thing. He said on the 15th of October, the radical wing distributed leaflets in Tehran outlining McFarlane's visit to Tehran. Oh, incidentally, it took him until then to find out who McFarlane was. They told us when McFarlane was in Tehran, they did not know him. The only one they knew was me. They could not locate Colonel North in the books.

Q You, they knew, [redacted] Did they think you were leading the delegation?

A No. In any case, what he said is that these leaflets had been circulated. He said also on the 26th or the 27th of October, a small rag in the Bekaa Valley -- Baalbek -- had published this story. He said as far as we know, no one has picked it up. He warned us the thing was liable to get out. They had arrested a lot of the people in Tehran in the radical faction who were responsible, including the leader of the radical faction.

Q Who were responsible for what?

A Leaking the story.

Q Okay.

A He said that he had brought -- my recollection is that he said he had brought with him a check for $4 million; [redacted] he said, "I can't cash it. I have to turn it over to him." Which he did, and the money appeared in our account, I think, on the 28th -- very soon.

So we arranged, while he was there, we arranged to launch the -- the 500 missiles -- Hawks -- not Hawks, TOWs were already in Israel. So we arranged to launch those while he was there. As soon as he had heard that the plane was in the air. He took off to make sure that one -- that the hostages would be released.

I think I left on the 29th. I am not sure. Got the first plane he could from Geneva.

Q Let me ask you about two people whose names come up as being involved in the hostage release around that time. That is Robert Dutton and Rafael Quinteros. Did you know any one of those people?

[illegible] I was introduced to Dutton, but I didn't know the other guy. Never heard of him.

Q To this moment you never heard of him?

A No.

Q I am not surprised. I was just curious. Where were you introduced to Dutton?

A The meetings we had with [redacted] on the 19th and 20th were in Secord's office. Dutton was introduced to me there.

Q Did you meet Dutton in connection with this meeting in late October?

A No.

Q And that meeting and the shipment of the TOWs results on the third of November in the release of hostage Jacobsen?

A Second of November.

Q Is it the second of November? After the meeting when he leaves on the 29th or the 30th, whenever, do you leave and come back to the United States, or do you remain over there?

A Yes. I had to clean up a couple of things in Frankfurt and I think I took a day off and saw my grandchildren who live in northern Bavaria. Then I came back. I can't remember. I think it was a Sunday. Then I came back on Monday.

Q After the hostage Jacobsen is released, do you have a conversation -- do you call Tehran or anything?

A Yes.

Q Where were you when you called Tehran?

A I think I was back here.

Q The 30th would have been a Sunday.

A The 30th of October?

Q No. I am sorry. The first of November is a Saturday. The second is a Sunday.

A I guess I came home then.

Q On the second?

A Maybe I saw them on Saturday and came home on Sunday, the second.

Q Saw your grandchildren?

A Yes. I think I did.

Q Where were you when you made the call to Tehran?

A Back here.

Q Who did you speak to in Tehran?

A [redacted]

Q What was the purpose of that conversation?

A To findout where the hell the other hostage was.

Q What did he say to you?

A He said they are still trying, not to lose faith. That was the last time I talked to him.

Q That is the last time you spoke to him. You continue, however, to have additional meetings with regard to this, don't you?

A Well, what we did is after this, after everything comes out in the press on, I guess, the 4th of November. So we have a meeting with [redacted] in Geneva.

Q This is the same man from Tehran now?

A Yes. On 9 through 10 November, or 8-9 November, in which we try to see if anything can be salvaged. I think you have a memo on that.

Q I was just going to show it to you.

CINN 166. Is that your summary of that meeting?

A Yes.

Q And who else -- who from the American side, the United States side participates in that meeting?

A Secord and North were both there. There is a long -- one of the things -- North took extensive notes, so I only -- when I took notes, I only took notes on mainly things that pertained to me.

Q Did North take extensive notes of each of the meetings?

A Yes. He was very religious about that. He sent more damned messages back to -- this is why the cowboy thing -- everything he did, he sent a message back to Poindexter.

Q This is why you don't believe the rogue staffer theory?

A I find that almost impossible to believe.

Q Did he have -- did he usually travel -- you said with a

stet KI/ 47 or something.

A Yes.

Q There is a device called a C.L. 43?

A C.L. 43. Excuse me. The reason I say K.Y. 47 is that is a device we had years ago.

Q I didn't know if you were talking about a different device or not. Did he travel with that most of the time?

A He always had it. He used to drive me nuts because I'd be ~~[illegible] been~~ hungry as hell, but he would have to send a message.

Q Who did he send it back to?

A To Poindexter. Well, back to his office to be taken to Poindexter. Bob Allen was usually on the receiving end.

Q What was the upshot of the meeting on the 8 through the 10th? Things are pretty public by now.

A In short the Iranians wanted to continue the dialogue, but thought maybe the best thing to do was leave things -- just leave things go for a while until things cool down. They were hopeful that we, on our side, could arrange it so there would be as little notoriety as possible. Faint hope.

This is what you will see is what he gave me about their views on certain aspects of intelligence cooperation. This is mainly what this memo is about. There were long, long-winded discussions about policy and hostages with he, North, and me translating most of the time and Hakim some of the time.

Q Secord was also present at this meeting?

A Yes. I did have -- most of what is there is a meeting that I had -- the first page -- alone to discuss this.

Q Let me finish out your meetings, go back to Furmark, and then I want to ask you some questions about sort of as these things were breaking. I just want to take you through North's calendar.

You continued to have meetings into December; is that right?

A The last meeting was on, I think, the 13th of December, but the State Department was involved then.

Q Was there a meeting on the 6th of December as well?

A I don't know.

Q You only remember one meeting in December?

A Yes. That is all I recall.

Q Who was at the meeting on the 15th?

A That was Ambassador Dunbar, myself and [redacted]

Q What was the -- where did that take place?

A That took place in Frankfurt.

Q What was the focus of those discussions?

A It was basically to pass a message to the Iranian side on the State Department's position. That is basically what happened.

Q Let's go back and pick up Furmark, or, the Furmark discussions. Sometime in October, you actually meet with Furmark?

A Yes. Charlie met with him before, while I was away.

Q Is this while you were in -- did he meet with him during your early October -- when you were in --

A Yes. Remember I left the States on the 25th or 26th of September with my wife. We didn't get back until about the 12th of October.

Q So prior to you actually meeting with Furmark, I take your meeting with Furmark occurred around October 22?

A Yes.

Q When you return around the 12th of October, what are you told about Charlie's previous meeting?

A Charlie gave me his memo that he wrote which basically were his worries, which were also mine. There were too many people that couldn't be controlled involved in this and that the dangers of it surfacing were pretty great. Then also about -- told me a little bit about his conversation with Furmark. And then the director decided after another subsequent call from Furmark to ask Charlie and I to go up and hear him out completely, which was what our ~~[illegible]~~ brief was. So we went up on the afternoon shuttle on the 22nd of October and had a long dinner with him in New York in which Charlie and I just sat there and listened to him and took notes.

Q Just the three of you?

A Just the three of us.

Q I know there is a memorandum of it, but as best you recall, what was the focus of what he was telling you?

A Well, what he did was outlined the fact that people unbeknownst to us, people had been involved in this from the beginning, like Khashoggi and that he had known about it from the beginning when the Israelis started it, and then went into his understanding of the financing of the Hawk deal and how it had been arranged and what the dangers were, the fact that two of the creditors were still owed 9 -- about 9 million dollars.

After the meeting was over, Charlie and I called Casey at home and told him -- we didn't tell him much on the phone, but we told him it was very important, that we would get the first shuttle out the following morning and come right to the office to talk to him.

The memo that was written for Admiral Poindexter, designed by Charlie -- actually wrote -- both of us wrote a lot of the stuff that is in there, and then I shortly thereafter -- I left on the 23rd or the 24th to go back to Europe, to make the arrangements for the next round of meetings.

Q How many times did you meet with Furmark?

A Just that once.

Q Just the one occasion. Did you, other than writing this memoranda, have any further involvement in sort of the fallout from the Furmark meetings prior to the time everything comes out and you become involved in November? Did you meet with anyone else? Did you talk to Poindexter yourself?

A I don't recall talking to Poindexter. I had a long conversation with Casey about it.

Q Was it -- was the point of the conversation the security problems?

A Yes. The security problems and that was his main focus about what happen if this surfaced. He had the same worry about Ghorbanifar going public.

Q Did you regard these conversations with Furmark as in the nature of a threat?

A Yes. And also I was more inclined to disregard them than most people. I can't see anyone that is owed $9 million trying to go to court the way he said he would go to court with any hope of recovering the money. That is why I think the threat to us to see if we could do something.

Q Because they knew that what they had on you was

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that you needed to keep this thing secret?

A Yes.

Q The one thing that is explicit in the memoranda at least is that the numbers fairly closely, as I recall, tie in with some of the information that you had received previously in conversations, the asides in Tehran, the figures.

A One of the interesting things is that it is the same thing as Ghorbanifar is $10 million short, thereabouts. Almost exactly. Furmark is -- his suggestion is why don't you let him sell an additional 1,000 TOWs and that will even things up, let him get back in flush again and this is what the Iranians tell us is that they figure they owe him $10 million, but he owes them a thousand TOWs.

Q So it sounded set up to you?

A Bells started to go off.

Q I really want to know where bells are going off about diversions to Central America? Because what you had heard at least once and Charlie Allen heard in the spring was money might go to Central America. The figures turn out the same. Furmark tells you of all the excess here that he thought was going off to Central America.

Did you talk to North about funneling this money?

A No. I never talked to North about any funding to the contras. Also, I was far more suspicious of money

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going into Khashoggi and Ghorbanifar's pockets at the time because of the previous knowledge we had of the 22nd April arrest, his possible involvement in a a sting operation. The thing that bothers me is that we didn't know how much Ghorbanifar paid for the equipment.

I had no knolwedge of that. I mean he raised 15 million bucks supposedly, according to Furmark, but did he have to raise that much? I don't know. He might have used some of it for his own purposes.

Also the mysterious thing to me is that I know what the price given to North is. It is over $6 million. That includes the 508 TOWs. Now is the money Ghorbanifar is raising, does it include money for the TOWs or what? Why is Nir getting $2 million, according to Furmark?

So there is not an awful lot -- all it does is increase the [illegible] of suspicions and speculations. I don't know what the hell is happening. But I never in all of this long thing ever got any piece of factual information or definite indication that any money was being ~~[illegible]~~ diverted to the contras.

Q I just wondered. Now having learned this, having heard what you heard in the spring, and I know you have been asked this before, but you also knew Secord and North were very heavily involved in Central America.

A Yes.

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Q They were also the central players, at least as far as you were concerned, in this, the Iranian initiative. I am just wondering if you were ever tempted to go to Ollie and say, "Ollie, you and Dick were the money guys in this operation, and now Furmark is telling us the money went off to Central America." If anybody diverted it there, assuming it was diverted there, if anybody did that, you could assume it was Ollie and Dick.

Did you ever ask Ollie this? What is going on? Did you divert the money away?

A No. After everything blew up, after about the -- I guess I never saw Ollie again after the end of November.

Q After he was fired?

A Yes. After he was fired --

Q You haven't seen him since then?

A I haven't seen him since then. So I never asked him about it. I figured that if it was really true, he wouldn't have said anything anyway.

Q Did you suspect it might be true?

A I hate to put my suspicions out. I had an awful lot of suspicions. The one thing that was obvious was there was an awful lot of money involved here. What happened to it --

Q There were a lot of places it might have gone?

A Yes. The thing that always -- I could never understand what the Israeli role in the financing was, except it is pretty clear they played a role. One of their accounts was used and we -- monies were obviously owed to Nir for something.

Q Let me just ask you a few clean-up questions. Then I want to ask you some questions about things in North's calendar you may or may not recall.

Have you heard of a ship called the Erria?

A Yes.

Q You heard of it prior to November 25th of 1986?

A Yes. Because at -- I forget whether it was the September meeting-- I didn't take notes on this, I don't thing. The September meeting or the early October meeting, they proposed to give us a mint condition T-72, which they would deliver to us in Bandar Abbass as part of the deal.

They also offered to send an I-24, but I don't think we wanted that. This is when I first heard of the ship. It was decided to divert this ship from somewhere, wherever the hell it was, and send it to Bandar Abbass to pick up the tank.

Q Did you have any knowledge of whose ship it was?

A Yes. Ollie mentioned it was of Danish registration.

Q Why did you think he had the ability to divert the ship somewhere?

A My understanding was I thought they had possibly

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leased it. Something like that.

Q In connection with this operation?

A No. No. In connection with the contra thing.

Q You thought that they leased it, you mean Ollie and Secord?

A Well, however they --

Q Or Hakim or somebody? Was it your impression that when you said it was diverted, it turns out to be a key word in this whole thing --

A Wherever it was, I don't recall where it was.

Q Let's go to redirected.

A Redirected and ordered the [illegible] sail to Bandar Abbass to pick up the tank.

Q Was it your -- I know this is probably very vague, and you didn't pay much attention to this, but did you think it was on its way to Central America?

A I don't know.

Q I guess the question I am asking is what led you to --

A No. It was in the Mediterranean.

Q What led you to conclude it was connected with the contra operation?

A I think Ollie mentioned something about having used it. But I don't recall what the specifics were. I do know when it came up. Secord -- it might have been -- it

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was either in the September meeting in Washington or the first meeting in Frankfurt in October. Because Secord and he were talking about it and they said, "Well, we will just get a boat, go down there and pick it up."

I am not so sure I knew the name of it even then. I think I learned about the name after it came out in the press.

Q Did you know Tom Clines?

A I knew Tom when he was with the agency, yes. Not well.

Q Did you know that he had any association with Colonel North during the 1986 time period?

A I never saw Tom, but Ollie mentioned him a couple of times.

Q Do you recall in what context?

A No, not really. He had dealings with Tom. I never got the impression he was directly involved with him on anything.

Q Any recollection that Clines might have had anything to do with this ship?

A No.

Q No connection? Clines -- and I don't want to assume a conclusion you might not share, but it is my general understanding that Clines' reputation around the agency by this time, whether it was right or wrong, was at least a guy you ought to be staying away from because he had gotten into some trouble? Is that a fair --

A I don't know. Clines was -- we were never in the same organizations in the agency. I knew him only when hewas chief of training, because you had to go through him to get specific types of training that you needed then. I honestly can't answer that, what the basic opinion of the guy is. I imagine there are people that know him that have one opinion.

Q Right. That is why I sort of tried to preface it with whether it was justified or not. It was my understanding that at least he was by that time regarded as somewhat bad news for the agency.

A I frankly can't recall ever discussing Clines with anybody.

Q Let me ask it this way. Were you surprised to find Ollie had associated with Tom Clines?

A I was surprised when he just brought the name up in passing. It was clear that he knew Tom Clines, but not -- I never had any precise knowledge of what he was doing with him.

Q And you don't recall it was in connection with the contras as opposed to something else?

A No. I thought it was in conjunction with the Libyans, something to do with the Libyans. What it was, I don't know.

Q You knew Clines to have been --

A Ollie was doing something with Ghorbanifar about the Libyans, but I never knew what it was.

Q I should sit back down. I have one last question before I ask you questions about the calendar. Did Colonel North have a regular relationship with two DEA agents who did some work with him, if you recall, or have any knowledge?

A Not that I know of.

Q This can go real quickly. I will put in front of you -- I don't have it marked, but it is Colonel North's week-at-a-glance standard government calendar for the year 1986. I want to ask you about some things. The things I want to ask you about, I highlighted in yellow. I don't know that doing it this way you are really going to remember. What I was interested in is Dewey is here. I assume that is Dewey Clarridge. This is September 15.

A That may have been a meeting at the agency.

Q This would have been about a week or so prior to the meeting with -- the first meeting with [redacted]

A Yes.

Q No specific recollection of what the meeting was about?

A Yes. I have no specific recollection. If it was the meeting -- was this a meeting when Nir came to the states on a -- Nir came to the states on a terrorist thing. We all had a meeting out at the agency. I don't know if it was that specific date or not.

Saturday. Yes. I think that is what it was. We had a Saturday meeting.

Q With Nir present, was it a meeting in preparation for the --

A Yes. We told Nir we had opened up another channel.

Q The purpose of this meeting was to discuss the other channel?

A Yes. Discuss what we hoped to get out of it and what to do about Ghorbanifar and whether Nir can in any way put pressure on him.

Q Was Nir at this point worried that he was getting cut out as well? [redacted]

A I think the Israelis feel that they have a lot [redacted] at stake in Iran [redacted] he would certainly want Israeli interests to be pursued. This is one of the things that Ollie tried to reassure him about.

Q Because in fact as the meetings developed with [redacted] [redacted] the Israelis are not present?

A Oh, yes. That is one of the first things they said is that they wanted Israeli footprints out of this as completely and as fast as possible.

Q [redacted] did?

A Yes. That is -- that is when Nir was in the states on this terrorist thing.

Q Here is the week of -- it is Friday, September 19.

A That was the meeting with [redacted]

Q That is --

A This is their man who was [redacted] [redacted]

MR. LEON: Who are you pointing to?

(Discussion off the record.)

BY MR. EGGLESTON:

Q I wasn't going to, for these entries, because they are names we have been calling [redacted]

Just so the record is clear there is a meeting on the 19th at 11:30 involving Copp, Cave, [redacted] and the other individual we were just talking about.

Here is an -- on Friday -- Monday, September 22nd, Colonel North looks like he has one of those quick trips to London. Did you accompany him on that trip?

A No.

Q You are listed as having met with him on Tuesday, October 14 at 3:30 in the afternoon. At 4 o'clock it appears Ollie met with the director.

Do you have any recollection of this meeting?

A Well, I was over there an awful lot to go over things with him and that is probably one where we did a rehash of the meetings in Frankfurt.

Q If you recall, did you participate in the meeting with the director?

A (No audible response.)

Q On Friday, October 31st, it appears -- well, let me go to Saturday, November 1st. It indicates at 4 o'clock, Colonel North leaves for London. This would have been right after the Frankfurt trip. Did you go -- you didn't go to London with him, did you?

A No.

Q Do you know why he went to London?

A No.

Q And --

A Might have been to meet Nir. I remember Nir at one meeting we had saying it was easier for him to get to London than it was to get to Frankfurt.

Q Similarly he leaves -- when I say he, I am referring to Colonel North, leaves on November 5th for Geneva at 4:45. Did you accompany him on this trip to Geneva?

A Yes. I don't think we went on the same plane. Maybe we did. But that was the trip where we went to see if there was anything to be rescued. It was very difficult, because they had -- in the hotel they had CNN and his picture was on every half an hour. So we had to stay in the room.

Q Now we are really up to the time period where --

I am up to Thursday, November 13, which as you remarked earlier, was the day of the President's speech. It appears that you and Secord at approximately 3:15 are present to have a meeting with North. Is that in order to prepare the speech?

A No. That came earlier.

Q That was earlier?

A Yes. What we did at that time is we had this secure voice thing on which I called Tehran.

Q What was the purpose of that call?

A I wish you hadn't asked that. I have a hard time remembering at the moment. It was we were trying to maintain communications with [redacted] We were talking to one of his [redacted] This is the guy that I actually amintained contact with. As I recall, the secure voice didn't work well at all.

In fact, I think we left and went out to Dick's house to see if we could work it from there. We couldn't get it any better. It was vice-versa. We tried to do it first at Dick's house, and then came back to the office, because we couldn't do it there. It was just trying to keep the channel open.

Q You earlier started to describe that you had had a role in the preparation of the President's speech.

A What we did is put together a lot of material for the speech writers. In other words, we put together something

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that the speech writers then boiled down into the President's speech.

Q By this time, had the preparation of a chronology begun?

A I think it had. I forget the dates on the chronology. I worked on the chronology, too, after March 5th. I didn't do anything before March 5th.

Q Who all was present and helped to draft the speech? I shouldn't say helped draft it. Who else was present?

A McFarlane was there, Howie Teicher, myself, of course Ollie was there. The secretaries were there, and also his deputy, Colonel -- what is his name?

Q There were two that worked there, Coy and Earl.

Q Earl. I don't think Craig was working on that or on the chronology.

Q Was your role in this speech preparation primarily fact-development, I take it?

A Yes. Going over -- we were trying to put together everything that happened. I was putting in for my part, my recollections and notes. Fortunately the speech writers threw everything out.

Q I was about to comment, but I decided not to. There are almost no facts in the speech. So I am not sure what exact role you played. I hope you didn't work very hard

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on it.

A We didn't. This may be when we were really working hard on the --

Q He is referring to Wednesday, November 19th. Mr. Cave is reflecting an item at 2:15. This was also the day to jog your memory that the President had a press conference.

A Yes. I think we also went to -- we also had a meeting with Poindexter on that day.

Q It actually looks like it is reflected around 3:30 or so.

A Because a lot of people came over from, I think, Gates was there and Casey and Clair George.

MR. LEON: [redacted]

THE WITNESS: [redacted] He was there.

BY MR. EGGLESTON:

Q Who is [redacted]

A He is sort of the executive director of the DDO's office.

Q Was there anybody from -- do you recall was there anybody from the Department of Justice there?

A No.

Q Chuck Cooper, Ed Meese, or anybody?

A No.

Q What happened at that meeting?

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A This was a meeting in which basically we were discussing what can be preserved, if anything. And how do we handle it. I think things were changing so fast then that you decide on one thing one day and the next day it no longer obtained anyway. But you -- what would happen is would go to these meetings, get all charged up, read the Washington Post the next morning and forget about the meeting.

Q One of the things that I recall happening after the press conference or at the press conference is the President was asked about participation of a third country, and I think he initially commented there had been no third country participation and immediately there had to be a correction.

Was there any discussion at this meeting about how to handle a third country type question?

A There was one thing that disturbed me: the one thing that I recall is that I talked to Ollie about the press conference. He said, "Well, Poindexter and Regan had prepared the President on questions." I said, "What the hell do they know about it? We should have been in there throwing questions at him. We could have asked far more embarrassing questions than those two." That is the one thing I recall.

Nothing much was accomplished in this meeting.

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Q On Thursday, November 20, there is an indication at 1:30 that says, "JMP" which stands for Poindexter, DRI, Casey, and Cave had a meeting. Apparently with Ollie. At least it is on his calendar.

A I don't think that took place.

Q You don't think it took place?

A No. It might have taken place out --wait a minute. It might have taken place out at headquarters, because we had a meeting out there to discuss things in preparation for the NSPG meeting, which was on the 24th.

Q Right. Well, the next thing that happenes is the next day Casey begins to testify. Did you have any role in preparing Casey's testimony? Casey testifies on the 21st.

A Yes. Is this the SSCI testimony?

Q Both. I think he testifies in the morning before HPSCI and in the afternoon before SSCI.

A Yes. I did go over some of the things with him and answer questions that he had. I don't recall the specific questions. He asked me something, and I would say here is what happened.

Q Was there a prep session where he was bombarded with questions?

A No.

Q No?

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A Not that I recall. He always felt very confident when he came up on the hill.

Q He didn't feel the need for these prep sessions?

A No.

Q Did -- I take it the first that you had learned that there was a suggestion of a diversion was about noon on the 25th during the course of the press conference? I don't mean suggestion. Obviously, you had some thoughts, but did you know--

A I was getting to be pretty suspicious that maybe, but -- by that time. In fact, when Meese made his statement I couldn't believe it because going back in my mind, I didn't see where they could have found that much money; not when you are dealing with people like Ghorbanifar and Khashoggi They were not going to let you get away with that much money.

Q So your reaction was the amounts -- it was possible, but the amounts were too large?

A Yes.

Q Did you at any time during this sort of two-week time period in late November discuss with Ollie whether or not there might have been a diversion?

A No.

Q And do you recall when the last time was that you talked to North?

A I talked to him sometime around Christmas. He just

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called to wish me a merry Christmas.

Q He called you?

A I think it was that way. I called him once, then right after New Year's, asked him how he was. That was all. We didn't talk about anything.

Q Mr. Cave, I think I have exhausted myself, if not you. I thank you for answering all these questions.

THE WITNESS: I am getting my second wind. Can I get a drink of water?

nd #4

(Recess.)

EXAMINATION

BY MR. LEON:

Q I just have some questions. I hate to have to bring you back to events you have already covered, but there were certain questions that occurred to me as you were going along I would like to ask you about. Bear with me, if you will.

I tried to note them on my note pad here. I noticed in Mr. North's calendar on April 18, which was shortly after you got involved in all of this -- maybe the 24th. Wrong date. Excuse me. April 24th. It was a Thursday. There was a meeting supposedly between you and Ollie North and a person named [redacted]

A

Q And [redacted] Do you recall that meeting, and

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if so, what was -- what was the purpose of it?

A I think that was -- we had gotten additional information. Remember, there was still the possibility that Ollie North and I would go in with Ghorbanifar separately.

Q Yes.

A The agency was pretty negative on that.

Q About?

A About us going in separately ahead of time.

Q Why was that? For security reasons?

A Yes. We didn't know what we were getting into. We weren't certain what we were going to get into. It was a kind of reluctance. I thought it was a pretty good idea.

Q Who in particular at the agency was -- was Mr. Casey having an opinion on that subject?

A No. But Clair George had a very negative opinion on that. Also, I think we had pretty much at that time finalized what we would be able to obtain of the Hawk spares. That was part of the discussion.

Q What was that? What had you concluded?

A We were able to say here is the finalized list of what we would be able to ship.

Q Who is [redacted]

A He is the assistant deputy director for operations.

Q Who would he have reported to at that time?

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A Clair George.

Q When was it that you first realized that McFarlane would be going along to Tehran? Would it have been after this date?

A I think it was before this date. It was sometime after we came back from the March visit that North told me that McFarlane -- if the group went, there would be McFarlane. It is pretty soon after we came back from Paris.

Q What was the reason for why McFarlane would be going at all. He was no longer a member of the U.S. Government?

A I think they wanted it this way.

Q Who is they?

A The NSC. They wanted to send someone of great stature, but who was not a U.S. official. In other words, it would have been one thing to send a current serving senior official, and another thing to send one who is basically a private citizen.

Q Was anybody else considered, private citizen?

A Not that I know. I don't know.

Q Did you meet and talk to McFarlane about his going at any point?

A Yes. We had one meeting. I had one meeting with him before we went.

Q Was that the one at his office?

A Yes. The one at his office.

Q That you mentioned? Who was it, if you can recall? Who was also there?

A [redacted] and I went down to see him.

Q What was the agency's attitude at that time about sending a former national security adviser to the President to a place where if he was captured in light of what had happened to our chief of station in Lebonon, might be in a position where secrets might become jeopardized?

A That is true. There was a lot of soul-searching and hand-massaging over the whole thing.

Q By who?

A Casey was very concerned. Clair George was extremely concerned. As things began to unfold and I learned more and more, I had some concerns, but I thought knowing what I know about Iran and Iranians, I thought we could get in and out all right.

Q Was it viewed by Casey as a great risk?

A Considerable risk. In fact, as I mentioned to you, he put it up to me whether we go or not.

Q What was North's attitude with respect to the risk dimension of it?

A I don't think Colonel North ever considers risk in anything. He is a -- very forward -- a very forward leaning, full of initiative.

Q What was your assessment of McFarlane's version of the risk, or assessment of risk?

A Well, he was going at the behest of the President. He is a good American. He will do whatever the commander in chief tells him to do.

Q Did you have any reason to believe the President has contacted him about it?

A My understanding was, yes, he was going at the behest of the President.

Q Do you have any knowledge of whether he met with the President to discuss this?

A I think there was reference to a meeting shortly before we left, yes. I can't swear to that.

Q No. I understand. Did North ever represent to you--

A Yes. I thought that he and Colonel North met with the President shortly before we left.

Q In March of 1986, shortly after you got involved, brought into the picture, the hundred-million-dollar vote on the contras took place.

I don't know if you can recall that, but it was a major legislative effort. Wednesday, March 19 was the vote. It was a major legislative push on contra aid. Can you recall any discussions with Colonel North regarding his efforts on the vote either before or after it was successful?

A We had -- there were meetings that had to be rescheduled because he was working hard on the vote. That is about my basic recollection. He was working around the clock on the vote, that I know.

Q Did he express to you that -- anything about the state of affairs of the contras at that time in terms of their funding and supplies?

A No.

Q Any indication they were in bad need of money for weapons and arms?

A I don't recall any specific thing that he said. We never really talked about the contras very much. I mean, you can't be around Ollie without knowing it is one of his overriding interests, but, you know, as far as I am concerned, Latin America is on the moon.

Q I take it that you are right about it, you can't be around him much that it doesn't come up, but how does it come up? Does he just spontaneously start talking?

A No. When it comes up, in questions like -- I went to his office once. There was a priest there. He just said --

Q Father ~~[illegible]~~ Dowling? ?

A I forget the guy's name. He introduced me to him. He said in passing he is the priest for the contras. He was in his office once. Things like that would happen. He would never go into any great detail.

Q On May 9th, there was a meeting, according to Mr. North's calendar, with yourself, Clair George, [redacted] [redacted] and [redacted]

A There's something wrong.

Q Any recollection of that?

A We were in London on May 9.

Q May 6?

A He left to come back. He might have met with someone that I wasn't at the meeting.

Q So far as you can recall, you didn't meet with him on May 9, Friday, May 9?

A He left -- that is when we were in London holding the meetings with Ghorbanifar, the 7th and 8th. I don't think I came back until the 10th. He came back early. So --

Q Would it be possible that [redacted] was there, at least in the states or in Washington, [redacted] Clair George?

A Yes.

Q So you didn't attend any meeting?

A I don't recall any meeting. I don't think I got back until the 10th. I came back from London on the afternoon flight.

Q On May 13, there appears to be a meeting between you and North and a [redacted] That is on his calendar. That's how it looks. I could be misreading.

Does it ring any bells at all?

A None. None whatsoever. [redacted]

Q At 2:00. Looks like [redacted]

A Are you sure that's me?

MR. PEARLINE: It doesn't look like his name there.

THE WITNESS: Looks like National something. Oh, up above it. Oh, 1:30. That is probably -- I was over at Ollie's after this thing started to get moving quite frequently, just to talk to him briefly on various things. I'm sure this had to do with the upcoming trip to Tehran. We had several meetings. Probably other meetings aren't even listed on here.

I saw him very frequently during that period after we got back from London and before we went to Tehran.

BY MR. LEON:

Q Okay. You don't know anyone named [redacted]

[redacted]

A No.

Q How about someone named Oakley?

A Oh, yes. Oakley is the State Department's -- the head of what -- their ambassador for counterterrorism at that time. But he wasn't involved. What is the date on that?

Q Well, let's see. May 22nd.

A He was probably seeing Oakley on terrorism matters.

Q Then after that he met a [redacted] Do you know him?

A [redacted]

Q [redacted]

A [redacted] No.

Q Then a Colonel Zur?

A Colonel Nir?

Q No. Looks like Z-u-r.

A No.

Q [redacted]

A No. Don't ring any bells with me.

Q When you were in Iran and they told you the first [redacted]t they were pretty sure they could get two hostages out, but they weren't certain, and it started to appear to you that they didn't have as much control over the kidnappers as you thought they might have, did you feel it was a set-up?

A No. [redacted] there's two different Shiite communities in Lebanon. There is the ~~Shiah~~ Shiites of the Bekaa Valley and the ~~Shiah~~ Shiites of the south. The guys in the Bekaa

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Valley are pretty fiercely independent.

[redacted]

I have always been skeptical of the [redacted] positions on control -- on Iranian control over the hostage takers for that reason. This was fortified when we got to Tehran.

But I did believe that they had enough influence where they could get two released, which they ~~said~~ did. I thought we were getting closer to the truth in the matter. This is the position I took with Casey when we got back.

Q What did you feel [redacted] situation was at that time when you learned there were going to be trouble getting two hostages out?

A He was very worried. He was responsible for us coming in and for us to leave without anything happening would not redound to his political benefit.

Q Was it your sense that he was -- that he felt betrayed or that he was in some way duped?

A He was very mad at -- along with the other witness -- Ghorbanifar. When they started showing me these letters Ghorbanifar had written, you know, he was mad. We said, Don't blame it on us; it is not a U.S. Government position; it is a Ghorbanifar position. We will tell you what our position is.

Q Did you have any sense at the outset of this operation, Mr. Cave, that while it was an NSC operation, as you pointed out, that State and the Department of Defense had been specifically excluded from knowing about it?

A Not the Department of Defense. The Department of Defense played a role in this. There were several people in the Department of Defense who were briefed.

[redacted]

I found it odd that State didn't get it. Was cut out. That was a decision made by the NSC. Charlie Allen was specifically told to limit dissemination.

Q Do you know who told him that?

A Yes. That came from the NSC. Came from Poindexter's office.

Q And did Charlie tell you that himself?

A Oh, yes. But [redacted] McFarlane swore that he kept the Secretary of State fully briefed on everything that transpired up to the time -- while he was --

Q Up to the May trip?

A Up until the time that he left, resigned.

Q Okay.

A You know, as I told you, I talked to Poindexter on the specific subject only the 24th of September and he told me that he was going to call Secretary Shultz immediately and brief him.

Q You don't know if that ever happened?

A I don't know. From that point on, my assumption was that State was fully aware of what was transpiring.

Q Do you know a Colonel named Moshe, M-o-s-h-e, Zur, Z-u-r?

A No.

Q Do you know about his meeting with North on July 10?

A No.

Q On the July 17 meeting you testified to before, on Colonel North's calendar, there is a person referred to as Abe. Would that be Hakim?

A Hakim, yes.

Q When you were in Frankfurt, on July 27, around that time frame, were you aware of any efforts on the part of North to contact the Vice President?

A No. The only time the Vice President came up

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that I can recall is when he was in Tel Aviv. I don't know if that occurred at that time.

What he wanted was for Nir to be able to see the Vice President, present his case.

Q What was your understanding as to the reasons why North was trying to set up a meeting between Nir and the Vice President?

A I don't fully know. I never saw a memorandum of the meeting after it took place.

Q Were you told by either Nir or North before the meeting took place between the Vice President and Nir that they were trying to set it up?

A Yes. I was aware they were trying to set up the meeting.

Q Was it your impression they were trying to set it up in order to have Nir enlist the support of the Vice President?

A That was my -- yes. That was my understanding.

Q To keep this operation going?

A To keep the thing going. Because of the fact we were getting Jenco, I guess it was at that time. But I never saw any result of the meeting. I never saw a memorandum based on it.

Q Did either North or Nir ever comment to you later how that meeting went?

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A I don't recall any specific comments, no.

Q Were you aware of North trying to have the Vice President meet with Jenco in Frankfurt?

A No. I sort of stayed out of the hostage -- I was never involved in any of the briefings or anything like that. And specifically asked to be kept out of it.

Q Do you have any knowledge of a $7 million deposit being made into a numbered Swiss account on September 26, 1986?

A No.

Q By Nir or anybody else?

A No. September 26?

Q Yes. So far as you knew, on September 26, there was no definite understanding as to another shipment to be made in the future; was there?

A No. We had agreed that we would consider, and [redacted] said okay, he is going to look to make sure they can get the hostages released. That is where, as far as I was concerned, it was left. We didn't get into the more detailed discussion until the Frankfurt meeting.

Q You went to Geneva with North, what, at least once?

A We had the meeting in November. Meeting in November, yes.

Q Did you ever meet a person in Geneva named

William Zucker?

A No.

Q Did you know him?

A I knew who he was. I think he was in some way associated with Hakim in business.

Q What else do you know about him, if you know anything?

A Nothing. He's a Swiss national, I gather.

Q Do you have any knowledge of him providing money to Colonel Dutton at any time in relationship to the shipment of arms in October?

A No. I think the only reason I knew who he was is we came down to the lobby, and Hakim was talking to a man and I think it was -- Ollie said, That's William Zucker. That's my knowledge of him.

Q That was where?

A This was in Geneva.

Q Do you know where it was? In a hotel?

A In the Intercon Hotel.

Q When you were in Switzerland, do you have any knowledge of North or anybody on his behalf trying to contact the ambassador, Faith Whittlesey?

A No.

Q Have you ever heard her name come up in the context --

A What was her name again?

Q Faith Whittlesey, ambassador to Switzerland.

A No.

Q You talked earlier about the first meeting where Secord was present and directly involved in what you considered to be a substantive discussion with the second channel.

Were you surprised to see him present at that meeting?

A Well, I consider myself an experienced operations officer. It is always a mistake to mix apples and oranges. But I think that the rationale for it is Colonel North relied heavily on General Secord. He really thought highly of him.

My understanding is that Secord at one point saved his life. I don't know if that's an apocryphal story or not.

Q Do you have any more facts about that story?

A No. I just heard when they were both in Vietnam, Secord saved his life. Whether it is true or not, I don't know.

Q How about Dutton? Had you heard anything about Dutton's relationship to Secord and North?

A The only point where that ever came up was when we were having the meetings in Hakim's offices out at Seven Corners.

Dutton was introduced to me. And after a long session, was kindly obliged by mixing a martini.

I think Dick Secord said that Dutton had been in Iran [redacted]

Q He worked for Secord in Iran?

A In Iran, right.

Q But you had never met him [redacted]

A No. I think I had actually been -- the same day when I first went out there, Hakim introduced me to Dutton, said he was one of his best employees.

Q At one point Mr. Eggleston was asking you questions about the September 22nd through September 24th time frame.

A Yes.

Q On the 22nd, I believe you were talking about a meeting between North and Casey. Then on the 24th, it was a meeting between Poindexter, Casey, yourself, and [redacted]

A I think Clair George was also there.

Q Clair George? That was on that occasion that Poindexter said, I am going to call Shultz right away?

A I specifically brought that up with him, because we had already -- I had brought it up with [redacted] who brought it up with Colonel North, who said, Yes, he should be brought in.

I emphasized that point with Poindexter at the 24th September meeting. His response was, I'm going to call Secretary Shultz right away.

Q And these discussions concerned the hostages being released and the second channel?

A Basically the second channel. It looked very promising.

Q Between North's discussion with Casey on the 22nd, which was a Monday, and on the 24th when there was the meeting with Casey, yourself [redacted] and Poindexter, North flew to London the 23rd, in between those two days. Did you go with him to London?

A No.

Q Do you know why he went to London?

A No.

Q Do you know anyone who might have gone with him?

A I don't know, no.

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Q On October 9th, North's calendar indicates he met with a person. I would like to know if you know who this is -- Bahman Maalizadeh.

A Yes.

Q B-A-H-M-A-N --

A He works here.

Q -- is the first name. The second is M-A-A-L-I-Z-A-D-E-H.

A Maalizadeh. He works for Senator Helms.

Q He does?

A I don't know him personally.

Q You don't know why they met or what happened at the meeting?

A I don't recall Ollie ever saying anything about it.

Q Mr. Eggleston asked you about the 14th of October. That was the day where you are penciled in at a meeting at 4:30 and the DCI at 4:00 o'clock.

I couldn't recall if he asked if you were there when Mr. Casey appeared or not?

A What is the date of that meeting?

Q October 14. It was a Tuesday. Supposedly, there was a meeting at 4:00 o'clock with Casey, Paul Hanley, Syria Terr -- T-E-R-R -- and Britt Threat -- T-H-R-E-A-T -- in the White House situation room.

A I wasn't at that meeting, no.

Q You weren't at that meeting?

A No.

Q Did you go with North on the 22nd, Wednesday, October 22nd, to Geneva?

A No.

Q You didn't go on that trip with him?

Have you ever heard of a person named Mark Durpis -- D-U-P-R-I-S?

A Mark Dupris?

Q Yes.

A The only Dupris I know is the guy that is the expert on Afghanistan, but his name isn't Mark.

Q How about on his calendar for that day in Geneva? He is supposed to meet with [redacted] Have you ever heard of that?

A Who?

Q [redacted]

A Sounds like an organization DDI would use.

No, never heard of it.

Q How about a person named Gerald Keilson? K-E-I-L-S-O-N.

A No.

Q On November 19, Mr. Eggleston asked you about your meetings that day with Ollie and [redacted] and then, of course, there was the DOJ meeting at 4:00 o'clock with Casey and Gates.

On North's calendar, you were scheduled to arrive at 2:15 and the meeting with the whole group to go over the DOJ preparation wasn't until 4:00.

Can you recall, first of all, whether you did meet with him for an hour and a half before that meeting?

A I think we were working on the chronology. The speech was on the 13th, right? November 13th?

Q That was the speech. The press conference was that night, the 19th.

A We were working on the chronology, I believe, that day. I am pretty sure. There was one day we spent a whole long time working on the chronology.

Q I think you told Mr. Eggleston that on the 24th, that even though you are scheduled here for a meeting at North's office with Casey, yourself and Poindexter and North, that you don't recall it taking place.

A The 24th of November?

Q Right. The day before Ollie was discharged.

A No, I don't think so. On the 24th of November, I went from the agency with Casey to the NSPG meeting.

Q Which was that afternoon?

A That afternoon.

Q So, were you out at the agency that day?

A Yes.

Q Were you aware that if Furmark met with Casey that day at the agency?

A I think so.

Q Do you know what time the meeting was?

A Was it that day?

Q That is what I am asking you.

A He came -- one of those days, but I thought he came late at night.

Q I believe they met the 24th.

A There was one day -- I was told to stay -- Furmark was coming in. Casey's old executive office director up there said Furmark was coming in. I can't remember whether it was the 24th or not.

Q Did you say Casey's office director?

A Yes. He has an executive director, McCullough.

Q Tell us what he said to you.

A I was talking to him about we were doing our own chronology, getting ready for subsequent testimony, and he mentioned to me that Furmark is coming in. I guess it was that afternoon. Maybe it was that afternoon. I saw Furmark, but he didn't see me.

Q What happened?

A I can't swear to the date.

Q You remember going with Casey to the NSPG meeting?

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A Yes.

Q So, you remember being at the agency on the 24th?

A That is right.

Q You remember seeing him at the agency, Furmark?

A I can't swear it was on the 24th. I remember seeing him some time in those days there.

Q Did the director ever mention to you his meeting with Furmark that day?

A I don't recall him specifically saying anything about that visit. I don't think he called me in. He might have talked to Gates and Charlie Allen about it, but I don't think he specifically called me in to brief me on what Furmark had said.

Q Let's follow it through a second.

If you did go with the director to the NSPG meeting from Langley and he had already met with Furmark and they had discussed the events that you have previously recounted, wouldn't it be likely that the director would bring it to your attention that he had met with Furmark?

A He did not on that trip. On that trip we were going over his opening statements he was going to make to the NSPG meeting.

Q But you do recall seeing Furmark out there?

A I recall seeing Furmark during that period of time. I can't swear it was on the 24th. I know I saw him coming

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to visit Casey.

Q Were you at Langley the next day?

A I don't know. I don't go in unless I have something specifically to do. I would rather play golf. I am not trying to mislead you. I just don't recall -- I recall seeing Furmark going into Casey's office when I was talking to Jim McCullough. But I don't recall a specific date.

Q Do you have any recollection of Casey every telling you after that time period that he had met with Furmark and Furmark again had made accusations that Khashoggi was being --

A I recall there was one period after that that he said that he was very much concerned because according to Furmark, these people were going to bring a case, were going to file a -- file suit in New York.

Q And did Casey ever mention to you calling Chuck Cooper at the Department of Justice about that meeting?

A No.

MR. LEON: Thank you very much. It was nice meeting you, Mr. Cave.

I have to run to something else.

MR. VAN CLEVE: For the record, to introduce myself, I am George Van Cleve. I am Chief Minority Counsel with the House committee. I have not been able to attend except for a short period the earlier course of the deposition. I am going to try not to go over ground you have already been asked about. There may be one or two places where I do that. It is unintentional. I am not trying to get you to give me a different version of something you have already talked about.

EXAMINATION BY MR. VAN CLEVE, COUNSEL FOR THE HOUSE SELECT COMMITTEE

BY MR. VAN CLEVE:

Q I have a couple of, I guess, specific factual questions. Let me just try to get into them in a reasonable sort of chronological order.

As far as I know, based on your prior testimony before us today and on prior occasions, you were not involved in any way in the November 1985 shipment of Hawks; is that correct?

A That is correct.

Q At any time during 1986, did any of the participants in these transactions describe the November 1985 shipment of Hawks to you?

A Charlie Allen did.

Q If so, what did he say about it?

A It was mainly after the fact. One of the big concerns is when these things arrive in Israel -- in Tehran, the Star of David was on nine of the 18 Hawks, and the fact that the Iranians didn't accept them, they were the wrong models. They had to be picked up and returned subsequently to Israel.

But I was unaware of any detailed -- I knew no details about either the September or November shipment until after everything came out.

Q When you say "everything came out," you mean the disclosure?

A The disclosures.

Q Your conversation with Allen actually took place after those disclosures?

A No It actually took place -- the revelations in the press hadn't occurred, but I was told -- when I was briefed in, I was told there had been a shipment in September of 500 TOWs by the Israelies and that in November the NSC had arranged for -- with Israel for the shipment of 18 Hawk missiles, but I -- no great details. I never bothered reading anything on it.

Q This is the conversation with Allen you were just referring to?

A Allen, and also [redacted] mentioned it to me when he briefed me in.

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Q Can you recall anything else they might have said to you at that time about the November shipment?

A Just that we played a role in using our proprietary to ship it in. An attempt by the Israelis to ship it via [redacted] had failed.

But I was not interested in any details, anyway. That was past history.

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Q I understand. But it occurs to me when you were being briefed into what is obviously a fairly complex and relatively sensitive covert program, that knowing something about the prior history is of considerable use.

Would I be mistaken in that opinion?

A Well, the agency's involvement was -- there was no agency involvement in the September shipment, and the only involvement we had in the November shipment, to my knowledge, anyway, is our proprietary was used.

We were told we were shipping oil field equipment.

Q Were you told that at the time?

A At the time I was briefed? Yes, we were told this was oil field equipment we were shipping in.

Q Can you remember in any greater detail precisely what you were told on that subject when you were briefed in this, I guess, March of 1986?

A The only thing I can recall being told is the first instance that we got involved was when we were asked by North to arrange for clearance for a flight that didn't go through.

Then we were asked by North if we would supply a reliable airline to fly some cargo for humanitarian purposes. The cargo was described as being oil field equipment, and the problem evolved when the crew, after the stuff was loaded on the plane, took off, determined that it wasn't oil field equipment they were carrying.

They were -- I think the crew thought it was artillery.

Q Do you recall --

A But that was about the end of my -- the brief.

Q You don't recall anything else that you were told about the prior negotiations?

A On using our proprietary?

Q More generally, about the nature of the shipments, who had been involved, stuff like that?

A No. The only piece that came out in it is this was a request by North that was made, I think, first to Dewey Clarridge. I am not absolutely certain of that.

Then it went up to the ADDO's office, and John McMahon got involved in it, and eventually they were given the name of the proprietary and we contacted the proprietary to expect to be contacted to haul a cargo to Tehran.

But that is about the limit of my knowledge.

Of course, the problem comes out here -- a lot comes out in the press afterwards. You have a hard time separating what you learn after reading the Tower Commission report from what you were briefed at the time.

Q I know this is a subject that has been covered earlier today, but I do have a couple of additional questions about it.

Could you explain as precisely as you can why it was that Colonel North and whoever else might have accompanied him -- you, for example -- did not go to Tehran for preparatory meetings prior to the trip in May of 1986?

A I think it was just simply because it was ruled out at a higher level.

Q On what basis?

A I honestly can't answer that. Too risky, I guess. I gather at the NSC there was a lot of concern about what might happen. The only word I got back on it from North is that we can't go.

Q Were you aware that consideration had been given to alternative sites for the Tehran meetings?

A Oh, yes. Kish Island was the first one.

Q What is your understanding of why the United States agreed to hold the meetings in Tehran?

A Because the Iranians claimed it was the only place they could reasonably hold them where they could have the security and where they can maintain the operational security and we wouldn't raise that much curiosity.

They said Kish Island was impossible because the desalinization plant had broken down and the runway had not been used in years.

We suggested as an alternative Bandar Abbass. They said we would stand out like sore thumbs and the only logical alternative was for us to first come to Tehran.

Q Were you aware that at least some of the American participants in these transactions regarded Kish Island as the preferred site for the meetings?

A Yes. I preferred ~~them~~ it.

Q For security reasons?

A Yes, I regard it as a preferred site. [redacted]

Q Did the justification given by the Iranians for not wanting to use Kish Island -- I don't want to characterize it, but at the same time, did it seem like a reasonable -- justification or is it the case the United States simply acceded to their requests that these be held in Tehran despite the risks?

A I didn't think the justification was -- had any merit that the Iranians gave us for moving the site. I thought it could have been done on Kish Island. They didn't really raise much in the way of objections. We had every reason to believe that that runway was serviceable.

But the decision was made to go ahead with their demands that we come to Tehran.

Q Can you say specifically who made that decision?

A No, I can't.

Q In your view, based on what you know about the level of responsibility, could Colonel North have made that type of decision?

A I can't believe -- it would have had to go higher than him.

Q As I understand it, when Mr. McFarlane arrived in Tehran -- let me back up and try one other sort of related subject first.

You said that it is your understanding that the reason that there was no preparatory meetings in Tehran itself was concern over the security risks that are entailed.

Isn't it the case that the security risks from having Robert McFarlane present at Tehran meetings are infinitely greater than the risks entailed by having Colonel North attend such meetings in Tehran?

A I thought so. I thought that we would have been better off had we gone -- North and I had gone in first. But that is hindsight, as things developed.

I was very amenable to going in first. I thought it was a good idea. Both Colonel North and I thought it was a good idea, but not many other people apparently thought it was a very good idea.

Q How do you account for the willingness of the United States participants to take that level of risk?

A I can only speak for myself on that. I weighed everything. I had a long talk with Casey about it. I said from my knowledge of Iranians, and also from what I have learned and the fact that Ghorbanifar himself is taking a big risk and a big financial risk that I thought that the real risk to us while we were in Tehran was if it becomes public knowledge we are there and the radical faction decides to make something of it.

But I thought that even then they would make every attempt to get us out.

Q Were you aware that Colonel North has prepared three sets of press guidances with respect to this trip, and that they contemplated specifically the possibility that the party would become hostage to the Iranians?

A I was aware that he was doing something along these lines, but not that he had made three specific press guidances.

Q Are you aware of some reason why a private citizen other than Robert McFarlane could not have been adequately briefed and given responsibility for conducting the specific negotiations that he conducted and done equally well?

A I was given to believe that McFarlane was the choice of the President. Whether that is accurate or not, I don't know.

Q But are you aware of any reason -- and I am asking sort of for an expert opinion here. You have a lot of background knowledge about Iran. Are you aware of any reason why a capable private citizen could not have been adequately briefed and given responsibility for the conduct of these negotiations and done equally well at the job?

A Well, that is highly speculative. I can't give you any specific reasons.

Q I can be more specific in my question.

Is there anything Mr. McFarlane knew about Iran or about these negotiations that someone else either didn't know or couldn't possibly have been told that made him indispensable?

A I think part of the reason was since this was a highly secret initiative, McFarlane was aware of what transpired up until the time he resigned his office on December 12. Therefore, he is an ideal candidate since he knows what has transpired up to that date.

Q You were briefed in when you joined the operation, weren't you?

A Yes.

Q I assume that someone else could have been briefed in as well?

A But you would have had to add another body that knew about it.

Q Okay.

So, again, not just to be -- have the record be clear on this point -- is it your view that someone else could have done this job, some other private citizen?

A Oh, I suppose there are any number of private citizens that could have done the job.

Q Thank you.

I think I can do this on the record. I want to address a question not just to you but to my colleagues. This may be one of the areas you have already covered. I don't want to go back over this.

I wanted to ask about your specific understanding about the nature of the deal going into the Tehran trip in May 1986.

I believe you have previously covered that?

MR. EGGLESTON: It is my recollection I asked him about sort of on each of the trips what was the understanding as of the end of that meeting, each of the meetings, what was your understanding as of that meeting, as of that meeting, as of that meeting. I may be wrong.

MR. WOODCOCK: I think that is right.

What you might want to do is if you have a specific question about perhaps an element of that deal as to whether Mr. Cave had an understanding, you might want to focus your question. He has given a general description of it.

MR. EGGLESTON: I am not sure I was focused on any particular. I wanted to elicit an understanding of each stage.

MR. VAN CLEVE: I do have one specific question.

BY MR. VAN CLEVE:

Q It is my understanding that you held some direct telephone conversations with Iranian officials prior to the Tehran meeting. I believe those conversations would have occurred some time in late April, that they were conducted from Europe in the presence of Mr. Nir, Mr. North, Mr. Ghorbanifar.

A There was only one. That was the 7th of May.

Q The 7th of May?

A Yes, that is when we met in London.

Q You already talked about that?

MR. EGGLESTON: Yes.

MR. VAN CLEVE: I don't think I need to go over that ground.

BY MR. VAN CLEVE:

Q During the Tehran meetings themselves -- and again, this may be something that you have talked about, but I think I have a slightly different question to ask on this -- it is my understanding that the Iranians made a series of proposals.

Once it became clear that the original understanding with the Iranians for one reason or another had not come about, leaving aside the question of why that might have occurred -- that is, the hostages had not been released -- it is my understanding the Iranians made a series of proposals to the United States with respect to how many hostages they might be able to release if the United States sent the rest of the spare parts and so on. Is that basically correct?

A Yes. We went in there with the understanding, of course, that all four of our hostages were going to be released.

It became quite apparent shortly after we arrived this wasn't going to be the case. They told us they could get two. They were negotiating for two.

A great deal of these changes had to do with the time factor as they saw it. They needed more time.

Finally, McFarlane gave them an ultimatum. They can have until tomorrow morning at 7:00. Otherwise, we are going to leave.

Q Now, I guess what I am trying to get at is it sounds as though they made a series of offers to him which were turned down without any question about whether that was good, bad, or indifferent.

The question I have is did he ever make them a counter offer?

A What we had -- what we did, in a long, non-ending series of negotiations, agree to a seven-point program which you have a copy of. And also as it became apparent they could only get two hostages, we focused on that.

The main concession that McFarlane made is that okay, if you deliver the two hostages, we will send in the rest of the Hawk spares.

They said okay. And then they went about trying to arrange -- and late -- the evening before -- they went out to see if they could do this. Late in the evening the day before we left, or actually early in the morning, they asked for time to get two -- the two hostages under their control and a guarantee from us that we would launch an aircraft with the rest of the Hawk spares within, you know, so many hours after the hostages were released, which we agreed.

Then McFarlane gave them until the following morning to obtain the release of the hostages.

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Q Again, this may be a subject that you have covered this morning somewhat, but I wanted to ask you what were the precise circumstances surrounding the beginning of the second channel? Who approached whom?

MR. EGGLESTON: There was, George. Extensive.

MR. PEARLINE: That was extensively covered.

MR. VAN CLEVE: Okay. No point in going back over all of that.

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BY MR. VAN CLEVE:

Q I may have misheard something earlier but I wanted to ask this question. It's another factual question.

On November 20, there were -- 1986 -- there were a series of meetings at the White House, some of which you participated in. Were any Department of Justice officials present at any of those meetings?

A No.

[redacted]

[redacted]

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BY MR. VAN CLEVE:

[redacted]

A Now we -- I think that in the question of Ghorbanifar, you have to consider the way he develops his access to be able to accurately assess its value.

Ghorbanifar does everything -- he develops his access to people in the U.S. Government in the same way, to make money.

This was my great concern about our making use of it in that we knew he had the access but he was never truthful.

For instance, during the time that we had an operational relationship with him, he never told us anything about his association with the Israelis, which would have been nice to know.

Another thing is during the whole business of his relationship with us on this Iranian initiative, he never told us anything about his direct personal relationship with Ayatollah Montazerli, who is Khomeini's heir apparent, which had a lot to do with the whole thing coming undone.

So, when you want to suggest -- if you are looking -- is it better to do business with someone other than Ghorbanifar, yes, I think, knowing that the Iranians were interested, we could probably developed as we eventually did better access to the people we wanted to deal with.

If you go back to the record, Ghorbanifar spent an awful lot of time in all of our initial contacts trying to convince us this could be done through nobody but him when he knew this wasn't the case.

Q I appreciate that you have a low estimate of Mr. Ghorbanifar's reliability. I think that is fairly well known by this time.

But I was really trying to get at something different. That is what realistically were the alternatives available to the United States?

[redacted] did you ever have a conversation with people at the agency where you sort of said, gee, you know, and then you described your personal opinion of Ghorbanifar, which is well known to be very low -- don't we have alternatives? Don't you have better sources?

A Yes, but the problem is that the agency was not picking the person to do this. This was an Israeli operation at the time. This did not become basically a U.S. operation until the fall of 1986.

All the initiatives were taken by Israel and Ghorbanifar. [redacted]

[redacted]

Q You believe in competitive analysis, don't you?

A In competitive analysis?

Q Right. Just as a principle, you believe in competitive analysis, don't you?

A Yes.

Q So, if the United States had a way of going around Ghorbanifar to someone with equally good access to the Iranian hierarchy, isn't it reasonable to assume we would have done that?

A You are asking me to speculate on something that is -- I don't even think is germane to the whole question we are tracing.

Q Well, I apologize, but I do think it is germane.

[redacted]

I can tell you that I want to pursue this subject.

[redacted]

[redacted]

[redacted]

A [redacted] during this period, Ghorbanifar's performance as an intelligence agency was virtually nil.

What he did feed us was highly inaccurate most of the time. So if you are judging him by the quality of the intelligence he produced, it is zilch.

[redacted]

[redacted]

[redacted] the decision had already been made to use Ghorbanifar when I came on board.

Q Let me just say as a layman, it looks to me as though the United States more or less made that decision because it had no alternative.

In other words, I quite accept your suggestion that we were using him because Israel wanted us to, but it also seems to me if we had had any practical alternative we probably would have chosen it.

After all, you put him on the burn list. Would that be a fair conclusion to draw from the course of events?

A You are going to have to go higher up the line than me to get a conclusion to a question like that. I wasn't part of the decision making process. I was told to do what I could to make it work.

MR. VAN CLEVE: Can we go off the record for a minute, please?

(Discussion off the record.)

MR. VAN CLEVE: I have one more question for the record.

BY MR. VAN CLEVE:

[redacted]

[redacted]

EXAMINATION BY MR. WOODCOCK ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. WOODCOCK:

Q Mr. Cave, just for the record, I am Tim Woodcock, representing the Senate Select Committee.

I am here in my official capacity as an associate counsel on the committee, and pursuant to the mandate of the committee to pursue this matter within the parameters of the committee's resolution, and accordingly, this is an official inquiry of the committee.

You might want to remind him that on this end of the deposition, which is also being taken in conjunction with the House, that the witness is still under oath.

THE REPORTER: You are still under oath.

THE WITNESS: Yes.

BY MR. WOODCOCK:

Q I hope to be relatively brief. I have made marginal notes of questions here. There will be a certain probably logical lack of order to these. I am going to throw them out to you as I come across them.

[redacted]

[redacted]

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[redacted]

Q In the Tower Commission report, there is a reference to the BTE saying that there was historical precedent for the sale of arms by Israel to Iran through the United States.

Do you know what he was talking about there? This would be December of 1985.

A I think he was probably referring to the embassy case. One of the big bugaboos on that was the Iranians insisting on the release of the embargoed arms which, depending on who we listened to, was anywhere from $150- to $350 million worth of arms. This is what held it up.

[redacted]

[redacted]

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[redacted]

Q Anyone comment on that?

A No. The only reason I put that in my notes is because it was money and it was Ghorbanifar.

Q And the combination made you suspicious?

A Yes.

Q Did Charlie Allen ever tell you that Ghorbanifar made a reference to the possible diversion of ~~moneys~~ monies from the profits of arms deals to Central America?

A I don't recall anything at the time. I think that Charlie mentioned something after the fact. I think I recall him mentioning something, you know, Ghorbanifar said something once to him that he hadn't paid much attention to.

Q When you say "after the fact," you mean after this was all exposed?

A After everything was all exposed. I don't remember him at the time he was seeing Ghorbanifar ever saying anything about diversion of funds.

Q In the Ghorbanifar efforts to finance the HAWK transaction, did you ever become aware of his and Nir's approach to Tiny Rowland?

A We became aware of that when Tiny Rowland checked in with the American embassy in London.

Q How did you become aware of that?

A The State Department sent a cable. We saw a copy of it.

Q You at the Agency saw a copy of it?

A Yes.

Q Did you ever raise this matter with either Nir or Ghorbanifar?

A No.

Q You recall North or anyone else ever doing that?

A No. Was Nir involved?

Q Well, you don't know then whether Nir was involved in that; is that correct?

A I thought it was Ghorbanifar and Khashoggi that brought it up, Tiny Rowland. I don't recall whether Nir was -- could have been. I don't recall.

Q Your knowledge, I gather, would then derive from the cable and wouldn't go beyond that; is that right?

A That's correct.

Q In your association with Ghorbanifar on this -- on these negotiations, was there any involvement of the hostage location task force?

A In what way?

Q Well, that's what I am asking you. In any way?

A Well, there was always a great deal of interest in trying to locate where the hostages were [redacted]

So the hostage location force was very much involved in this, in the location aspect of it. [redacted]

[redacted]

Q So --

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A But by and large, the hostage location force [redacted]

Q You testified that when you were brought on in early March, you had a meeting with [redacted] and then a meeting with Charles Allen and a meeting with North all on the same day.

A Yes.

[redacted]

Q You said at one point that Nir kept a tight reign, and I am quoting you, "tight reign" on Ghorbanifar. What did you mean by that?

A Well, it was my impression from the dealings with North and Ghorbanifar, that Nir tried to keep Ghorbanifar under a very tight rei~~g~~n. For instance, when we met in Frankfurt in July, whether it was the 25th or 26th, we talked to Nir first. Then he arranged for Ghorbanifar to be brought in and talk to us.

Q Do I gather from what you are saying that what Nir was trying to do was to protect Ghorbanifar from you as an asset of the Israelis?

A I don't think so. I think what his concern was was that he had an awful lot riding on this person and also the Israelis politically. He wanted to make sure he was aware of everything that was going on.

Q He wanted to make sure he wasn't cut out?

A He was always keeping contact with Ghorbanifar and everything Ghorbanifar was doing.

Q Were you aware that the Israelis were providing some assistance to Ghorbanifar during his period of financial difficulties?

A I assumed that.

Q You didn't know that?

A But -- we assumed that were involved in it but we didn't have any -- the only factual thing we had is that Nir was extremely interested in Ghorbanifar getting paid and that after the meeting with Furmark, when you had the two million bucks earmarked for Nir, we couldn't figure out what that was for.

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Q You didn't learn that from Charlie Allen?

A That --

Q That the Israelis were helping Ghorbanifar financially?

A That was Charlie's speculation from everything he could get. He used to talk on the phone to both Nir and Ghorbanifar. He shared that with me. A lot of us felt that -- we came to feel that Nir was providing a lot of assistance to Ghorbanifar.

Q Did Charlie Allen tell you that he was taping some of these conversations with Nir and Ghorbanifar, the telephone conversations?

A With Ghorbanifar. Not that I knew with Nir. I knew he taped -- he taped -- he had a tape recorder in his office for taping conversations with Nir. Not with Nir, but with Ghorbanifar. Excuse me.

Q Do you know whether he would do that invariably or most of the time?

A I think he tried to tape all the conversations with Ghorbanifar.

Q Do you know why he did that? Did he explain that to you?

A To make sure that he got everything. Much the same reason that I taped the conversations with [redacted] o that I could do the translation and give it to

Colonel North.

Q Did you ever listen to any of these tapes that Charlie Allen made of Ghorbanifar?

A No.

Q Do you know whether Albert Hakim was ever a CIA asset [redacted]

A [redacted] but I don't think you could ever call him -- on him, but I don't think you could ever call him a formal asset.

Q An informal source of information?

A I don't think so. [redacted]

Q [redacted] you don't recall him?

A [redacted] he was never used. No. [redacted]

Q Your understanding of the financing of the May HAWK transaction, did you understand that with respect to the parts that were available that the United States was placing any kind of a cap on the monies that -- or the point up to which the value of those parts could reach?

A No. What we did is checked with the military, the logistics command on the availability of parts. They gave us a printout on everything that was available and how much they could afford to take out of inventory for us.

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Q When you say we, you mean the CIA collectively?

A The CIA could take out of their inventory, how much they could afford to let out of the inventory.

Q But I gather you yourself didn't have any understanding that if the Army came up with a figure in excess of, say, $4.4 million, that the Agency would be saying you can't go above that?

A No.

Q Let me back up and rephrase the question. Did you -- that wasn't a very good effort, was it?

You, I gather, were not involved in the logistical end to any great degree in the May deal, is that right?

A No. Just to make sure everything was moving along all right. Because I had -- I wanted to make sure everything went smoothly. I followed what was going on. But I didn't do the nuts and bolts, no.

Q Who was handling it that you knew of?

A That shipment would have been [redacted]

Q And [redacted] would have dealt with logistics people at CIA?

A Yes. A couple of times when he was busy, I would do it for him.

Q Did [redacted] have any involvement in that?

A I think [redacted] was the guy that gave the figures to Ollie North on what it was going to cost.

Q When you got the HAWK list from Ghorbanifar in Paris, did you yourself bring that back to Washington?

A Yes. I think I myself carried it back.

Q Who did you give that to?

A When we brought it back, we -- I discussed it with [redacted] We got someone designated by the Office of Logistics to then take the list and find out the availability of the parts on the list.

Q You have also testified that by the time you got to Tehran, Ghorbanifar is telling you that the total figure for this deal is $24.5 million?

A That was in Tehran.

Q That was in Tehran?

A Right.

Q Did you have any understanding as to whether that figure in Ghorbanifar's description of it reached only the HAWK parts that you had already identified were available?

A He said it was other charges involved in that, not just the HAWKs.

Q Okay. Let me ask you this: When you came to Tehran, you had a pallet of parts with you; is that right?

A That is correct.

Q And you also had HAWK parts waiting in Israel in the event that your negotiations were successful; is that right?

A That is correct.

Q However, the sum total of those parts did not encompass all the things the Iranians had requested?

A No. There were several items that were no longer manufactured and there were several items on which we did not have the number on the shelf that they requested.

Q Now did you understand that of some of those items that either were not in Israel or were not on your pallet in Iran, that they might become available in the future?

A Yes. We had an idea. Some of them, the manufacturing process was very low. We would have had to speed it up to get them.

Q Let me ask you, the $24.5 million figure, did you have any understanding that that might also encompass parts yet to come?

A Oh, no.

Q So your understanding was --

A Not that I knew of, no.

Q So your understanding of that was that that covered the parts waiting in Israel and the parts you brought with you and no other parts; is that right?

A On that shipments. But Ghorbanifar told me this is what they owe me. They are going to ask you what the cost is and there are other things involved in this that you don't know about. Tell them that that is the right

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figure. That is when I immediately went to North and asked him what the hell was going on.

Q Just to make it clear, was it your understanding when Ghorbanifar brought the $24.5 million figure to you, that that covered only the parts in Israel and the parts on your pallet in Tehran and no other parts?

A That was my -- except I don't know about the 508 TOWs. Someone paid for those.

Q Putting the 508 TOWs aside, limiting this to HAWK parts. Your understanding was it is just the pallet in Israel and the parts --

A The parts in Israel and the pallet we brought in.

Q You didn't question Ghorbanifar or anybody else further on that, did you?

A No. What we did is when I talked to Colonel North about it and asked him what the hell was going on, he immediately called Nir and Nir told us there were a lot of expenses involved that had to be included in this figure, and also there were other monies owed to Ghorbanifar by the Iranians that were also included.

In fact, he went into a long explanation, a great deal of which I didn't understand.

Q Did North understand it?

A I don't think so.

Q In your testimony, you said that when you found

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out how high -- the high figure that was being suggested for the HAWK parts -- and this is even before you arrived at Tehran, you had an idea that a high figure was being discussed -- that you mentioned it to [redacted] and he agreed that it was too high a figure; is that right?

A Yes. I mentioned to him that -- but when we discussed it, it is that when [redacted]

Q However, you then get to Tehran and the figure is high.

A Higher.

Q Higher. Even higher. Do you recall this figure which had the possibility of disturbing the whole negotiation being pursued by North to resolve it?

A Only that one conversation we had with Nir.

Q How about following Tehran? Do you recall having any discussions with North about resolving this matter when m10 you are talking to [redacted] still complaining?

A Yes. I talked to -- we had a lot of discussions about the pricing, hoping that it wasn't going to upset the whole apple cart.

Q Did North have any idea what the United States might be able to do to bring some relief to the pricing problem?

A Well, there were several things. One of the things was when I talked to [redacted] insisted he haggle with Ghorbanifar over the pricing. That is when he came down $6 million. Also, we were looking at ways and means that we could at least help to cover part of the large cost in price by saying, you know -- by producing -- we were thinking of producing a document which showed that FMS sales are -- I think it was 2.7 times the figure given on those microfiches. We never did it.

MR. EGGLESTON: Did you ever produce a document to show back to them to justify the prices?

THE WITNESS: The only thing we did was we produced a letter that we showed to [redacted] to give -- how prices are arrived at, which was actually fairly accurate. In other words, the price that we got -- the weird things about it is the price we got those TOWs at was much less than the Israelis pay for TOWs. On the thousand TOWs Nir complained about the cost when we sold them.

MR. EGGLESTON: Because it was too low?

THE WITNESS: Because it was too low. Yes.

BY MR. WOODCOCK:

Q When you first became aware that Richard Secord was involved, did you have -- or were you aware that he had been considered at one time to be associated with Edwin Wilson?

A Yes, I heard about that, but I didn't know any of the details about it.

Q Did that cause you any concern?

A Well, I was a little bit concerned about that. Secord also is I guess what you would call a "can-do" guy. That appealed to North. North absolutely believed in him.

Q I just want to clarify this point for the record. When you arrived in Tehran, or when you were flying to Tehran, did you actually physically land in Bandar Abbass?

A No. It was nonstop from Tel Aviv to Tehran.

Q Just to clarify the record, or perhaps my own understanding, when you met with Roy Furmark for the first time, I gather from what you said he suggested yet another TOW transaction to clear up the financial problem; is that right?

A He said if we would permit Ghorbanifar to sell another thousand TOWs that would get him out of the hole

m12

and solve the whole problem.

Q Did you happen to discuss with Furmark how he or Khashoggi came to be associated with Ghorbanifar?

A No. Our brief from the Director was to listen and ask as few questions as possible. So -- in other words, we took the position we didn't know beans from batshit about this thing.

Q So I gather Mr. Furmark didn't volunteer the origins of his relationship with Ghorbanifar?

A He spoke very highly of Ghorbanifar and, of course, he spoke extremely highly of Khashoggi, the salt of the earth, great man, all that stuff.

Q Let me show you what has been -- or bears the identification number CIIN 1027 and ask you if you have ever seen that?

A I don't think I ever saw this. But I know for a fact that Khashoggi is able to get end user certificates from [redacted]

Q Let me ask you a couple of questions about that. This is a cable dated February 4, 1986 and it --

A I never saw that.

[redacted]

m13 [redacted]

A I would like to have seen that. That is the first time I have seen that cable.

Q How is it that that kind of information doesn't automatically make its way over to someone in your position?

A Oh, a lot of stuff -- see, the problem is I am not there every day. No one says hey, George ought to see this. I don't see it.

Q Do you know whether [redacted] or Charlie Allen are aware of that?

A Also, at that time I was not briefed in on the operation.

Q You would have come in approximately a month later?

A A month later.

Q Do you know if Charlie Allen or [redacted] were aware of that?

A They never mentioned it to me.

Q You testified earlier that in your collective efforts to come up with an explanation for the large price to [redacted] an explanation that he might believe, it was suggested that perhaps it could be -- the low price on the list could be explained as the cost to the manufacturer.

A I think that is what it is. It is the manufacturing costs. That is what those microfiche lists are.

Q Do you recall where you get that information? Who it was who told you that?

A I think our logistics people told us that.

Q Do you recall discussing that as a rationale with anyone to run by [redacted]

A No. I think that the only thing that we -- we never did anything really but we were thinking North had the idea of printing up to date microfiches that had the prices higher.

Q North did?

A But we -- we were thinking of printing something for [redacted] which we never did either that would show that you can't base the pricing on what is on those microfiches. Actually, you can't.

Q You also testified that you received a call at your home at one point from [redacted] is that right?

A Yes. He was trying to call at the office and Charlie Allen gave him my home phone number.

Q Charlie Allen can't speak Farsi, can he?

A No.

Q Do you know how he was able to transmit this information?

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A He was able to get the number, you know. I think [redacted] had someone in the office that spoke a little bit of English. Charlie got the number across to him.

Q Did you ever get involved with [redacted] in discussions to release the hostages in July or release a hostage in July?

A Well, all that time, we were -- you know, we were saying that we would not -- to [redacted] that we would not send in the rest of their -- of the HAWK spares until the hostage is released or something, or if we could meet. We would do according to the 7 point proposal that we left behind in Tehran. I consistently took that line with him.

Q Was it you who suggested at one point that one hostage would be enough?

A That came about -- I didn't make that suggestion, no. I can't recall precisely who did, but it came about as a result of our talks with Nir on the 20th of July, in which he said they could get another hostage out. And then the decision was made to go ahead.

Q So your recollection is that to the extent somebody suggested that maybe one hostage would be enough, that Nir was the source of that?

A I think that was based on Nir's proposal to us

m16

in London that one could be gotten out if we sent in the rest of the HAWK spares. I am pretty sure that is the way it went. Then it was discussed when we got back to Washington.

Q Did you ever have a conversation with [redacted] where you represented that one hostage would be enough was the position of the President?

A I don't think so. I can't recall saying that specifically.

Q Charlie Allen entered a period in July where he spoke to Nir in lieu of Colonel North. Did he share any of those conversations with you?

A Some of them when I was around. I wasn't around a lot of time.

Q Were you aware that Allen had taken over from North but North had cut Nir off for a period of time?

A I wasn't specifically aware that he had cut him off. I think what happened is that North wanted Charlie to talk to Nir rather than have Nir talk to him.

Q Rather than Nir talking to North?

A Since Nir could put more pressure on North than he could on Charlie.

Q Another thing I want to clarify for the record. When you have the second channel out to Hakim's office, we know that Hakim was in the building. Was he in the m17 room when the discussions were going on?

A Not on the substantive discussions.

Q As the second channel developed, did you have any trouble conveying to Nir that he was now entering into a subordinate stage?

A A decision was made to keep Nir briefed about the second channel. One of the surprising things to me was that after we returned from Tehran, Nir was still very high on Ghorbanifar despite what ensued in Tehran, that he had been lying to both sides. Nir sort of let that go by the boards as being Iranian business practice. I tried to argue that it is not quite that way.

So he was still very high on Ghorbanifar, but we told him we were going to develop a second channel and actually briefed him on it after it happened. Not in very great detail, incidentally.

[redacted]

[redacted]

[redacted]

Q Let me direct your attention to a reference in the Tower Report which refers to a deposit occuring on September 26, 1986 of $7 million from Iran into Lake Resources. That has a footnote reference which reads as follows: "There is some discrepancy surrounding these dates. The September 26, 1986 date is contained in a PROF note from North to Poindexter which also contains the $7 million figure. The CIA I/G report, relying on George Cave, states that [redacted] brought a check for $4 million with him to the late October meetings in Frankfurt."

Actually that was mine. Do you have any explanation for that discrepancy?

A I can't understand what the hell the $7 million would have been for.

Q Your understanding is that $4 million would have been sufficient to cover the transaction?

A Yes. I suppose so. Because right after he -- he called up his man and gave him the check and two days later, we had the $2 million odd dollars in our account.

Q Did you physically see this check?

A No. I never saw it. He just said he had it.

Q It wasn't produced for you?

A It wasn't produced for me.

m19

Q But your understanding was as far as the CIA financial office was concerned, the $2 million came in shortl after the check was produced?

A Yes. I think we got it on the 28th. I think it was deposited in our account.

Q When you get with the DCI on the Furmark meeting or the subject of Furmark, did he bring up any question about the possible diversion of monies?

A No. His great concern at the meeting was this -- the going public with the whole operation through the filing of the suit.

And the fact that the principals were going to also contact Congress.

Q Did Charlie Allen ever raise his suspicions about the possible diversion of money?

A Well, we all had suspicions that there was something wrong, but there was so much there to be suspicious of. As I told you before, my main suspicion was the fact that Khashoggi and Ghorbanifar were trying to raise as much cash as possible because of being stung in the April 22 sting operation. Obviously the Swiss banks were worried about the same thing.

Q Why, because of the life insurance policy?

A No. What the Swiss banks can do, they can arrest you and hold you until you make good on your obligations.

That is obviously what they did with Ghorbanifar. He denies that he was arrested, I gather.

Q I think he has made that a matter of record. Were you aware that Ghorbanifar was complaining sometime in early April about his California girlfriend's apartment having been broken into?

A Yes. He mentioned that at the meetings.

Q Ghorbanifar himself did?

A Yes. When he was here in April.

Q Did he also mention that or complain about Roy Furmark's office having been broken into?

A Not to me.

Q Do you remember -- this would have been --

A I never heard of Furmark until shortly before I met him.

Q I am going to read this selectively to you and see if it brings anything back to you. Again this is the Tower Commission report. It reads, as a footnote, "In a series of telephone conversations with Ghorbanifar and Nir, March 24 to April 2nd, Charles Allen learned that Ghorbanifar was under pressure in Tehran; that he was passing through a difficult period financially, but that the Israelis were helping him."

Is that information he conveyed to you at the time?

A Yes, I think he did.

m21 Q The quote goes on, "An NSC consultant reported to Allen that Ghorbanifar was upset in part because his California girlfriend's house had been entered, as had Furmark's office in New York. Ghorbanifar blamed the CIA."

Do you recall that?

A I don't recall the Furmark part of it. But Ghorbanifar complained about the breaking in of his girlfriend's apartment when he was here. I never met the girlfriend either.

Q You testified that you recognized the reference earlier in this deposition to the Erria and then later said you weren't sure that at the time you knew the name of the boat: is that [illegible]t?

A Yes. In fact, I thought it was something else. When it came up, when they made the offer of the tank, that is the first time I ever was aware that there was a boat involved, because Ollie discussed this that we could -- they had this boat that was in the Mediterranean and they could have it -- change its sailing orders and go to Bandar Abbass to take on the tank. Which it did.

Q Do you now believe that boat to have been the Erria?

A Yes. This comes out from subsequent press coverage. I didn't at the time know the name.

Q In your negotiations with the second channel,

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m22 were Israeli prisoners ever on the negotiating table as being possible subjects of release?

A Yes.

Q How did that happen?

A I think in the initial -- it came up because we were also talking about the 300 ~~Shian~~ Shiites that were being held by the Israelis.

Q Would that have required more negotiating than just with Iran?

A I don't think so. We asked the Iranians if they thought it possible. I guess it was one of the Israelis that was killed, but one of them was still alive. It was a pilot that came in later. We talked -- we talked -- I think we only talked about it on one occasion. They kind of screwed up their eyes, but said they would look into the possibilities because we said that any -- as I recall, any release of the 300 being held would certainly be contingent on Israelis being released and probably some kind of guarantee.

[redacted]

Q There was a point, I gather, that you made an attempt to bring your concerns to Colonel North about m23 Ghorbanifar; is that right?

A Yes.

Q But that was kind of an effort cut short; is that right?

A Well, as I was mentioning to George, there is -- there were a lot of countervailing views about Ghorbanifar and people changed their opinion of him. I think that the biggest thing he had going for him was the fact that he had played a role in securing the release of both Weir and Jenco. In other words, Ollie likes people that are successful in doing things.

Q But I was asking a somewhat different question. You had reservations about Ghorbanifar?

A Yes.

Q That go long back in your career?

A Yes.

Q Did you attempt to bring those to North's attention?

A I did.

Q Did he react to that at all?

A Yes. His reaction is that what you say maybe is true, but he has demonstrated that he can produce, because he produced Weir. That was the initial, when I first started.

Q Did you ever bring Ghorbanifar back to North when

m24

the finances began to go awry as proof of your opinion of Ghorbanifar?

A Yes. And also I thought that his performance in Tehran had been such that we should be extremely chary of him and made my views clear there. And the Iranians told us flat out in Iran that they didn't trust him.

Q Did you have any dealings with anybody in the State Department in these transactions?

A Not specifically with this. The only time it came up is I had a meeting -- I think it was [redacted] I don't know if Clair George was there or not. We went over before the last trip to Geneva, that is the 8th through 10th [redacted] and at this meeting, it was Armacost and Raphael, Arnie Raphael. [redacted]

[redacted]

m25 [redacted]

Q Did you have any dealings with anybody in the Department of Defense?

A I didn't, no.

Q Do you know whether other than logistically or in --

A [redacted] dealt with, what was his name, Jamie Rizzo? I forget his name. He was the head of logistics.

MR. EGGLESTON: There was a Russo.

THE WITNESS: Russo. That's it.

BY MR. WOODCOCK:

Q You already testified to the possibility of danger in your trip to Tehran. Did you have any plans in the event that you were seized and held captive?

A Run [redacted] I guess. There weren't many places you could go from the 15th floor of the Hilton Hotel.

Q Are you a subscriber to the Big Sting Theory?

A No. I think the Big Sting Theory was developed by the Iranians to protect the participants.

MR. VAN CLEVE: For the record, I assume you are referring to an article that appeared two weeks ago?

MR. WOODCOCK: That is right. That is a capital B and a capital S and probably a capital T.

m26

THE WITNESS: The Iranian comments on this are so typically Iranian. The most interesting aspect is that Khomeini has never really condemned the initiative.

MR. VAN CLEVE: Somebody may have asked you this question, but what is your view about what Khomeini knew about the Tehran trip at the time it took place?

THE WITNESS: I am certain he did not know we were there.

MR. VAN CLEVE: He did not know? Before, during or after?

THE WITNESS: Not until sometime after. I place it as sometime in August-September. And [redacted] told us that he didn't know about it also. I was certain because that is -- and I was sure that that is why we didn't see anyone because no senior Iranian would take the political risk of doing it unless they had the blessing of Khomeini. Since no one showed up -- the best that we can put it together is that [redacted] broached it to him sometime in late August or early September.

BY MR. WOODCOCK:

Q In your meeting in Tehran, was the Iranian assistance to Nicaragua ever on the table?

A Yes.

Q That was their assistance both in terms of oil and arms?

m27

A Yes. They denied it.

Q They denied they were doing it?

A Yes. We volunteered to provide them proof.

Q Did they take you up on that?

A Yes. But we -- where is it? Well, we didn't bring it with us. Part of the problem you have as I explained before is when I was translating, you know it's very difficult when you translate to remember what the hell it was that you said.

Q When McFarlane made it plain that he was going to leave unless the -- his conditions were met, I gather from your testimony the Iranians asked for some additional time; is that right?

A Yes. There was a lot of different -- when they saw -- North and me stayed behind, and they'll get them. He said no, we are all going to leave together. There was a little bravado in that. At the time we made the announcement, we still had a plane with no fuel in it.

Q But the Iranians asked for more time and I gather McFarlane gave them a certain amount of additional time; is that right?

A This was the night before we left. He gave them until the following morning.

Q Did he leave before that time expired?

A No. We left sometime after. Even going out

m28

to the plane, the Iranians were begging us to stay.

MR. WOODCOCK: Let's go off the record.

(Discussion off the record.)

BY MR. WOODCOCK:

Q Mr. Cave, I have no more questions. I did want to go back on the record to express my appreciation for your patience and for your forthrightness.

MR. EGGLESTON: Thank you.

MR. VAN CLEVE: Thank you very much, Mr. Cave.

(Whereupon, at 6:00 p.m., the deposition of George W. Cave was adjourned.)

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TAPE ONE (sides 1 and 2) - TWC/nsd

UNITED STATES SENATE
SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF GEORGE CAVE

9/29/87

Present: George Cave, Deponent
Timothy Woodcock, Senate Iran/Contra Committee
Jack Taylor, House Iran/Contra Committee
David Pearline, CIA--Office of Congressional Affairs
Paige Moffat, Office of General Counsel

Cave ("C.")
Woodcock ("W.")
Taylor ("T.")
Pearline ("P.")
Moffat ("M.")

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Let me state for the record my name is Timothy Woodcock. I am an Associate Counsel with the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. Participating from the House is Jack Taylor, representing the House Iran/Contra Committee. George Cave is present as the deponent. David Pearline is representing the Office of Congressional Affairs at CIA. Paige Moffat is here representing the Office of General Counsel.

Mr. Cave, before we begin, let me make it clear that this is a statement that we will be taking from you pursuant to the authority of the Senate Select Committee. The information that you give us will likely be used in the furtherance of the Committee's investigation under its resolution. Do you understand that?

CAVE: Yes I do.

WOODCOCK: Thank you.

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EXAMINATION OF GEORGE CAVE BY MR. WOODCOCK:

W. Mr. Cave, let me cover some of the early ground here with you when you first became involved in the Iran initiative. Mr. Cave, we have come across entries that Col. North made before and after the meeting in Frankfurt, Germany in February of 1986, stating that he was forced to use Albert Hakim as a Farsi interpreter because the CIA could not produce a Farsi speaking interpreter. For the record, could you state whether you would have been available to perform the task at that time. This is February 25-26, 1986.

C. As far as I know I could have been made available. In fact -- I was in Europe at the time of that meeting. Either I was -- I was either -- I was in Europe immediately -- either immediately preceding or during it, because I returned to the United States at the end of February. [redacted] But, presumably I could have been made available to translate for that meeting.

W. And I take it from your answer that you were not asked to participate, is that correct?

C. That's correct. I knew nothing about this initiative until the 5th of March.

W. Thank you Mr. Cave. Let me turn to the early days of your involvement in this initiative. I believe you have previously testified that your first meeting with Mr. Ghorbanifar, in what you then understood to be the Iran initiative was in Paris in March of 1986, is that correct?

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C. That's correct. That's correct.

W. Before you went to the meeting in Paris, I believe you have already testified that you were briefed by both [redacted] C/NE who either was already Chief NE, or about to become Chief NE, and Charles Allen. Is that correct?

C. I was briefed by both C/NE [redacted] and I met Col. North, I think, the afternoon of the day we left. I think I met, as I recall, I also met Charles Allen, but did not get much of a briefing from him at that time. It was only later, after I got back. That's when I went over all the old[?] [redacted] [redacted] intelligence.

W. You went over that with Charles Allen?

C. After I returned from the first meeting in Paris.

W. Mr. Cave, I'd like you to recall the meeting with C/NE [redacted] [redacted] and I'm really asking something specific. As I recall, when I interviewed you, along with many other Congressional representatives, back in March of this year, you related that when you were briefed on the initiative by C/NE [redacted] you recommended to him that no -- I think the phrase you used was "no serving officer should participate in this initiative." First, is that correct, and second could you expand on that idea?

C. After I heard about the initiative I, I recommended to C/NE [redacted] and I think also to Clair George, that the participation in the operation by serving officers should be as limited as possible in that it was quite apparent to me if this operation ever blew, you know, careers would be in jeopardy. And

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since I was an annuitant, it didn't matter.

C/NE

W. When you made this remark to [redacted] and Mr. George, what was their reaction to it?

C. Well, they agreed that, you know, that this was a high-risk operation. And I think every attempt was made to keep the knowledgeability of the operation to as few a people as possible.

W. In order not to imperil as many, or in order to imperil as few careers as possible?

C. Partially that, but I think also that the security of operations is a great concern to us.

W. Well, for those two reasons. Is that a fair statement?

C. I think that's a fair statement. I, I mean we had to involve people in it as it progressed. But, I mean, there was a conscious attempt not to unduly involve officers, serving officers, in the operation.

W. There is a statement in the Tower Report, and I don't know whether you are familiar with it. It's a footnote. It comes from the testimony of Clair George where he states, and I'm going to paraphrase him, that "George Cave joined the initiative, and somewhere along the line, became a player." Do you agree with that characterization?

C. Well, I, I'm not sure. It's obvious that statement was taken out of context, and I'm not really sure what Clair's intent was. Because everything I did, I reported back to [redacted] C/NE I naturally became a player in the initiative because I got more and more involved in it. And though I think Col. North relied

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more and more on me as it went on, because of my understanding of Iranians. But, I certainly reported everything that I did back to, back both to C/NE [redacted] and in many cases directly to Director Casey.

[redacted]

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[redacted]

Q. Let me ask you another question on the February TOW deal. Now, understanding that you came on the scene after this deal had been completed, you nonetheless had an opportunity to speak to many of the participants in that transaction, Secord, Hakim, North, Ghorbanifar, [redacted] at one time or another. [redacted]

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LINE [redacted] in his testimony before the Tower Board expressed the opinion that he believed that the 1000 TOWs of February were supposed to, by themselves, spring a hostage. I think Ghorbanifar and others have taken the position that the 1000 TOWs was a good faith makeup for the abortive HAWK shipment of November of 1985. Did any of the people that you participated with express an opinion on what was supposed to have been achieved by the February TOWs?

C. If my understanding was the same as LINE [redacted] that this was supposed to cause a hostage to be released.

W. Do you recall where you got that understanding?

C. I think it was from LINE [redacted] as best I can recall, because I remember after I was briefed, I think he told me that he -- we had expected a hostage to be released, but now we are going -- you know the meeting with Ghorbanifar will be an attempt to sort out some of this and see what the Iranian position is.

W. Are you referring to the March meeting with Ghorbanifar?

C. March meeting with Ghorbanifar, yes.

W. Did the --

C. I recall, I recall before we went that LINE [redacted] said that we had expected the 1000 TOWs to result in a hostage being released.

W. Did the subject come up in Paris as to why a hostage had not been released?

C. I'm trying to recall exactly what was said with regard to that. I think that the way Ghorbanifar explained it in Paris

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went along these lines: that the Iranians were now convinced by the TOW, the TOW shipment, excuse me, the TOW shipment that we had good intentions, and that they were now prepared to meet with us and discuss the future of the strategic initiative between the two countries, and it also -- in that meeting he proposed that we'll sell them the HAWK spares, to sort of cement the deal. And that's when he turned over the list of 240 line items. But that's about how it went. I mean, we had, the, the 1000 TOWs had established the U.S.'s good intentions, and the Iranians were now prepared to respond, and he had preliminary agreement to a meeting in Iran between senior U.S. officials and senior Iranian officials.

W. Now, you were, at this point, a Johnny-come-lately to the negotiations, so I gather you were not some much an active participant in Paris as you were an observer. Is that fair to say?

C. That's fair to say.

W. What was -- Col. North himself was present when Ghorbanifar was making these remarks I would gather, is that correct?

C. That's correct. The way the meeting was structured is that we went immediately from the airport to the hotel and we met initially with Amiram Nir, and then he went out and brought Ghorbanifar in.

W. And Nir was present through the negotiations as well?

C. Nir was present through all the negotiations.

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W. Did North have a reaction to Ghorbanifar's statement that the 1000 TOWs had simply shown that the United States was serious?

C. I don't recall. I think he said something like, it damn well should have shown him that we are serious, something to that effect.

W. Do you recall him saying anything about, you know, where is our hostage?

C. Uh, there was some discussion about, you know, the great disappointment on our end, about not -- the 1000 TOWs not resulting in the release of a hostage, but I don't recall the exact words at this point, and I didn't make any notes on that.

W. Let me -- I'm going to quote from what now is known as the famous diversion memo that North is supposed to have written in early April of 1986. That memo, which is really quite an extensive memo, contains a retrospective on the Iran initiative up to that point, and it contains a paragraph that reads that, that, I'll quote, "the USG [meaning U.S. Government] would establish it's good faith and bona fides by immediately providing 1000 TOWs for sale to Iran. This transaction was covertly completed on February 21, using a private U.S. fairman[?] and the Israelis as intermediaries." That paragraph appears to line up with those who would take the position that the 1000 TOWs was a good faith gesture on the part of the United States, but did not bind the Iranians to come up with a hostage. Do you recall any discussion in this early April period about this matter?

C. It's a difficult question for me to answer, because, you know I was brought in after the fact. But I do recall, there was some disappointment that it hadn't produced any motion whatsoever on the hostages. And I can't, I can't at the moment recall the exact words and who said them, but I know among the people who were involved that there was some disappointment that there had been no motion whatsoever with regard to the hostages. The Iranians just took the 1000 TOWs and that was it. And it wasn't until we met with Ghorbanifar in March that we got some explanation. And this is where the idea of this, you know, good intentions being established by the shipment, came from--

W. From Ghorbanifar.

C. --to the best of my knowledge--

W. From Ghorbanifar.

C. --yes from Ghorbanifar, saying that we had established our good intentions with the Iranian government and that he had succeeded in getting in getting a commitment for a meeting at a future date in Iran.

W. All right. I'm going to move on to another topic. The -- let me turn to the meeting in Tehran. In Tehran there were a series of meetings over four days, and I gather from your previous testimony one of the immediate disappointments on the United States' part was that no one on the Iranian side commensurate with McFarlane's ranking appeared to negotiate, is that correct?

C. That's correct.

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W. I believe on the second day, an Iranian official by the name [redacted] showed up, is that correct?

C. That's correct. He was the most senior official we met with.

W. [redacted]

W. And he -- [redacted] later became a name that was raised in the very later stages of these negotiations with the second channel, is that right?

C. That's true.

W. Did you realize at the time -- I know you realized it later -- but did you realize at the time that the Iranians did not know who McFarlane was?

C. No, we didn't realize that they didn't know who McFarlane was until after we met with the second channel in September.

W. Let me ask you this. This is a minor point, but the -- one of the reasons ascribed to the failure of the Tehran negotiations was that they coincided with Ramadan(?). Is -- late May, is that the period for Ramadan?

C. Ramadan is based on a lunar calendar, so it changes

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every year. It's really bad when it's during the hot months, because you know they can't drink water or eat all during -- and you have a longer period of light. So, they were pretty frazzled, you know, when we had a meeting during the day. By the time it was over they were pretty frazzled since they couldn't drink anything and they couldn't eat anything.

W. But that was the holy period they were observing in late May, is that correct?

C. Yes, and based on the current situation in Iran they damn well had to observe it.

W. You didn't notice any shirkers, is that right?

C. I didn't notice any shirkers -- except Ghorbanifar [laughter].

W. Well, he's sewage in Aris(?). There are entries in the Tower Report, and we have them in our files, of encrypted cables that McFarlane sent out of Tehran. Were you familiar with how the communications system was working? I mean, how was it that McFarlane was able to communicate with Washington?

C. We took two communicators, two CIA communicators which I arranged for, and I did the briefing of them. [redacted] was kept -- stayed in Tel Aviv as a backup [redacted]

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[redacted]

W. When you arrived in Tehran, everyone was removed from the plane at one point, is that right?

C. When we arrived in Tehran the crew was left on the plane because they had to taxi it across to the military side of the airport.

W. But eventually there came a point when all the Americans were separated from the plane, isn't that right?

C. That's true, that was our first crisis and I had to straighten that out. And it turns out that the reason why the Iranians wanted everyone off was that they wanted to go over the plane with a fine-tooth comb, which they did. And then after that everything was all right.

W. Now, was it at that point that they removed the HAWK parts?

C. No. They removed the HAWK parts on the day we arrived, immediately. Once the plane was taxied over, over to the military side of the aircraft, the three -- the four crew members that were on the plane said that they just came and unloaded the plane. Wasn't much they could do about it. So they told us that

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when they showed up at the hotel. They said they have already unloaded the HAWK parts.

W. Was that considered a problem at all?

C. Well, there wasn't much that we could do about it sitting on the 15th floor at a Hilton Hotel. We didn't know what was going to happen when we arrived anyway.

W. But that, I gather, didn't fall into the category of crisis?

C. Not really. We were far more concerned because they wouldn't refuel the aircraft.

W. Did you complain to the Iranians about having simply removed the HAWK parts?

C. Yes I did, but they -- this was kind of -- this was sort of amusing. [redacted] being a rug merchant, came up to me, when we had our initial meeting in the hotel and said, "you've sent us used parts." And so, I said, you know, I got mad at that and said, "you know you weren't supposed to unload them until after the hostages showed up." And then he complained that we only brought a very small amount of spare parts. And I said, "well, that's all we could fit on the airplane." And he says, "well, it didn't take up hardly any space." I said, "yes, but we only had, we had to fly so many hours that we could only take a certain amount of weight." And we haggled like that. And then, the funny thing was, is when the crew showed up and I told -- you know, we were talking to -- I asked him about the parts then. And they said they took them off. And I said, "well, what did they do with them." He says, "well, when we left they were still sitting on the tarmac. They hadn't opened it up or anything. So how this guy knew they were used before they had even opened them up, I don't know.

W. The Tower Report contains rather complete notes of each day's meetings in Tehran. Do you know who the main note-taker was for the Americans?

C. Mr. Teicher and Ollie North both took extensive notes. I was doing a lot of the translating, so I couldn't take many notes, but what I did do, and you have a copy of my memo on the trip, I did -- I tried to write down significant points after the meetings were over, and at those times, and since I sold(?) it, Teicher and North were taking extensive notes, I didn't bother to take them. I just, I just wrote down what I thought was significant so we could compare notes later.

W. Now to get this straight. You -- we do have a copy of, I think a 3 or 4 page single-spaced memorandum that you created on your visit to Tehran. I want to understand your testimony on this. These were based on notes that you made shortly after each meeting, is that correct?

C. Yeah, usually, because I would, I would do -- I did most of the translating. When I was hoarse, Ghorbanifar with the -- because we kept catching Ghorbanifar translating inaccurate, and finally [redacted] got so upset with him, you know, that he jumped up at one point and said, "Mr. Ghorbanifar, you must translate accurately." Because I had already corrected

Ghorbanifar, you know, several times on mistakes that he had made. Which made, made what the Iranians say a little bit different. And then when he translated the English back, it also came out a little bit different. Favoring, you know, positions that he wanted to favor. But, I did make -- usually after the meetings were over I would write down, I had a steno pad, I would write down what I thought was significant. And then, based on those rough notes, immediately after I returned, I put together that 3-page single-spaced report that you have.

W. From what you later learned about [redacted], was he of appropriate rank to be meeting directly with McFarlane?

C. I, as the scene -- as we learned more about it from hindsight, yes, because no senior official was going to risk meeting with McFarlane at that juncture because, as we later learned, Khomeni was unaware that we were in Tehran. And also the Iranians knew that Nir was an Israeli.

W. They knew at the time that he was an Israeli?

C. Yeah. They knew at the time.

W. How do we know that?

C. We were told, we were told by the second channel that in order to protect himself, Ghorbanifar had told [redacted] And [redacted] was not about to take that on his shoulders by himself, so he reported it. So I think those two factors weighed against us seeing any senior official, and quite possibly the fact that they didn't know who McFarlane was.

W. Did McFarlane actually sit down face-to-face with

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[redacted]

C. Yes, he did, on the second day. The initial meeting on the second day. And then after he, after we began to see all the problems, he said, "well, talk to my staff, and if there is any breakthrough, I'll talk to you." And the last evening that [redacted] come up to me and said "I'd like to talk to Mr. McFarlane." And we had -- it was a brief meeting. And that's when McFarlane said, "O.K., I'll give you until 7:00 tomorrow morning."

W. When McFarlane finally decided to leave, was that direct -- did he communicate that directly to [redacted]

C. Uh, no, the only persons that were there when we decided to leave were, [redacted] and [redacted]

W. That's [redacted]?

C. Yeah.

W. And [redacted] is another name for him?

C. Yeah. And he has a couple other names, too. But, we -- I told [redacted], we are leaving, and he kept begging me to stay. And we just packed up everything and went down in the lobby, and so -- [redacted] "well, can't you stay up here till we get the cars? We don't want you hanging around the lobby." So, McFarlane -- we all stormed down, and they arranged for cars, and they drove us -- One interesting thing is, I don't know what if something happened in Tehran, but they did not drive us the normal route to the airport. They took us through back streets.

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W. Mr. Cave, we took a momentary diversion here to change the tape, using the word in it's more commonly-known sense. You were saying that you were not certain whether anything had happened in Tehran, but that you noticed that they took you to the airport by an indirect route, is that correct?

C. Yeah. [redacted] there is a quick route, a kind of like a super highway that you can take from the hotel that goes right out to where the big, the big monument is. And then it's directly into the airport. We went through back streets all the way from the hotel to the airport. I don't know if there was a reason for that or not. Ghorbanifar apparently has reported that there was supposedly mobs out looking for us. I don't know if that is true or not.

W. There was an article in, I think U.S. News and World Report back in March of 1986, or excuse me 1987, which was entitled "The Big Sting." And I think that in that article they also postulated that a group of dissidents was looking for you to seize you and embarrass the regime. I gather you haven't been able to confirm that one way or the other.

C. No. We have never been able to confirm that, and we just drew a blank from the second channel.

W. But you did ask him?

C. Yeah, we asked if there was any prob--when we discussing the problems about--with the second channel about the trip to Tehran. Whether he told us they didn't know who McFarlane was, that Khomeni had not known that we were in town.

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We went into some other things like that, and one of the things that came -- they didn't know, or else they just weren't going to tell us, that anything happened. But they just said, there was no problems that they knew of.

W. Mr. Cave, did you have a poison pill on this trip?

C. No.

W. Do you know whether either McFarlane or North or Teicher had such a device?

C. I'm absolutely certain they didn't. I think the poison pill story came about--there was a proposal that North and I go in in April with Ghorbanifar to do some preliminary discussions with the Iranians. And there was some talk then that, you know, that's pretty risky, and especially since what North and you know, North, I think at one meeting, maybe we should take an LT-- they are called L tabs, incidentally, and, uh, I don't think there was any real serious consideration given to it. I didn't give any serious consideration to it anyway. I told him if things go wrong I'm just going to become a mullah. [laughter]

W. When there is no choice there's no problem. I believe in his testimony Col. North said that in fact he did have such appeal and that he got it from CIA. To your knowledge he didn't have such a pill?

C. Not to my knowledge. I don't think he said he got one. Didn't he say that they were just considering it?

W. I understood his testimony to say that he actually received one.

C. I don't--

T. I thought he said he had one, too. I thought that he said it was offered to him.

W. I believe he said it was offered to him, in the event he wished to use one, one was offered to him.

W. Let me just note for the record that this new voice is Jack Taylor.

T. Yes.

W. For the transcriber.

T. I believe I recall that one was offered to him by the CIA. Now whether or not he took it with him or not, I don't know. I'll have to check into that.

W. But assuming that that is what he said, to your knowledge, he wouldn't have had such a pill, is that correct?

C. No, not that I know of, and, I was never offered one. I just remember that the discussion came up, you know, maybe we should, just in case, and -- but no offer was ever made to me to take one, and I wouldn't have taken it anyway.

W. Mr. Cave, in the--again in the Tower Report, and I believe also in your, in your notes, you came back from the Tehran mission with the conclusion that irrespective of other considerations that the Da'wa prisoners were going to remain a major impediment to any, any real progress on the hostages. Is that correct?

C. Yes. When I came back and reported to Director Casey, I said that I thought the most serious problem confronting any,

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you know, wholesale release of hostages was the Da'wa prisoners. In line with that I also told them that from my talks with the Iranians, I concluded that they could spring a couple of them, and I told Director Casey that I thought we'd two, two out, based on this operation. But no more than--the hostage takers would continue to, continue to hold hostages until there was some motion on the Da'wa hostages. [redacted]

W. Now, when you apprised Director Casey of your opinion of the importance of the Da'wa following your meeting in Tehran, did you also apprise him of your opinion, and I think you've testified to this in other depositions, that the hostage holders in Lebanon were extremely independent and were likely to insist on their demands, no matter what?

C. The way I put it is that the Iranians have influence, but they don't control the hostage takers. There are--I think

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I--there are two separate Shi'ite communities in Lebanon. And the--

W. I think you did describe the one in the valley, in the Bekka Valley, and then there is the Urban group, is that the correct distinction?

C. The Southern Lebanon--actually--in fact they are sort of the last remnants of real ~~futilism~~ feudalism in Lebanon were among the Southern Shi'ites. The Shi'ites in the Bakka Valley tended to be pretty fiercely independent. And anyone that is familiar with Lebanon, the area, would say the same thing, so--since no one else has ever been able to fully control those people, I don't see how the Iranians could.

W. Well, that brings up another questions. There are--there were points at which consideration was given to, I think, the Israelis pressuring Col. Lahad to release Shi'ite prisoners that he had with his Southern Lebanese army. I gather from what you are saying that since those Shi'ites were probably from a different Shi'ite community that would not have had great influence on the Shi'ite in the Bakka Valley, is that correct?

C. [redacted] The interesting thing though is the hostages held by the Phlange, or the prisoners held by the Phlange that were Shi'ite--the Iranians seemed to say well, that's a Lebanese problem, let them sort it out. They weren't too interested in any motion, you know in getting those people released. They said the Phlange and the Shi'ite will sort that out themselves.

W. Also participating in the Tehran negotiations, and I think you have already mentioned them, what this [redacted] I think his true name is in fact [redacted] He was denominated the monster during those meetings by some of the Americans according to Albert Hakim. First, were you familiar with that ~~Sobrae~~ Sobriquet and are you familiar with where he picked it up.

C. This came about after the second channel, and he did not participate in the meetings in Washington, but he did participate in the first German meetings in Frankfurt on the 8th through the 10th of October, and I don't know whether it was Albert Hakim--I think it was Albert Hakim that sort of gave him that ~~Sobree~~ Sobriquet, the monster. And he's a very hard negotiator. But a very impressive guy.

W. I had understood Hakim to say that he received that nickname in Tehran, is that at odds with your recollection?

C. Yeah, that's at odds with my recollection. I don't recall that name being used until after we--in fact I found, of the other people we dealt with outside of [redacted] I found him in Tehran to be the one most interested in some kin~~g~~d of a breakthrough. In fact, he's the one that told me--I was the last one on the plane to leave, and I was talking to he and [redacted] and they emphasized, look, you know if this thing falls through we should still talk to one another.

W. Hakim also referred to [redacted] as the engine. And this was a term that he developed himself in the course of his deposition, but he referred to him as the engine because he saw him in the second channel meetings as the driving force behind the negotiations. Would you agree with that characterization?

C. Uh--we had--there was a big debate about--there was arguments on the American side about who was the more important one. You know, the relative or [redacted] I always thought the relative was more important because he spoke--you know when an Iranian speaks with authority you can usually tell it. I mean, with [redacted] they always thought that he wanted to check back with someone before he agreed to anything. Whereas the relative was able to take a proposal and decide whether to go ahead with it or not. There was some disagreement among the Americans on who was more important. I think that one of the, one of the important things though was--he was the sole person we saw at the last meeting.

W. That's the meeting in November, or the one in December?

C. At both meetings. The last--he came out to talk to North, Secord, Hakim and myself in Geneva at the beginning of November. And then he also came out for the meeting in December with myself and Ambassador Dunbar.

W. Let me just take a moment here while I look up a reference. The record should reflect that there was a 5-minute break here for everyone to stretch his legs. We are now back on the record. Mr. Cave, I want to see if you can reconcile what I

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think is an inconsistency in the reports that were made on the negotiations in Kuwait on a particular point. And that is--

C. In Kuwait?

W. Excuse me, in Tehran. I've got Kuwait on the mind. In Tehran. As you've already testified to, the subject of the Da'wa prisoners arose while you were negotiating in Tehran. And in your, in your summary you recalled that North addressed this point and you quote North as saying that the United States would not interfere in the internal affairs of Kuwait, particularly where Kuwaiti due legal process had been carried out. Is that consistent with your recollection?

C. Yes, that's consistent with my recollection.

W. Now, the Tower Report has one of the note-takers taking down the following exchange. [redacted] saying our dispute is over the lack of complete agreement, what can you say about the blank, or it doesn't say blank, the held in Kuwait, is the way it reads. There is a word missing. Then it has North responding. It says, "North proposed a statement like: the U.S. will make every effort through and with international organizations, private individuals, religious organizations, and other third parties in a humanitarian effort to achieve the release and just and fair treatment for Shi'ites held in confinement as soon as possible."

C. That's accurate except for the release part.

W. Now, do you have a specific recollection that that is wrong?

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C. Yes I do. What North said, is as I said before, we won't inter--we cannot intervene where due legal process is taking place. But, what we will do is through international organizations and the Islamic equivalent of the Red Cross, do our best to make sure that the prisoners get good treatment, receive mail, visitors, etc., etc. But there was no--he did not, in Tehran, say anything about the release of prison--see to the release of those prisoners.

W. I'm going to proceed ahead to a little later period. Following the breakdown of the negotiations in Tehran, there came a point when the United States began actively pursuing a, what's now been known as the second channel into Iran. Were you familiar with how the notion of developing a second channel came to be?

C. Well, when we were in Iran, the Iranians told us that they were not happy with the Ghorbanifar [redacted] channel. But they said, if you guys insist on using it, it's all right with us. But we would like to use a different channel. We, of course, had the problem with the Israelis on Ghorbanifar, even after Tehran, the Israelis were insisting, or the Israelis in the form of Ami Nir were insisting that Ghorbanifar had to be used. We decided to look for a second channel, and the first step was [redacted] And we met with him on the 10th and 11th of July in Washington.

W. O.K. Let me move you back in time just a moment. When

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you said, we decided to seek a second channel, who is the "we" you are referring to?

C. O.K. This was basically Col. North's initiative. I'm talking about we, everyone that was involved. That we would look for a second channel after the breakdown of the negotiations in Tehran, and the problems we saw with it. And, we continued to talk, or he continued to talk to General Nir, and I don't know if he saw Ghorbanifar or not.

W. You are referring to Nir?

C. I mean, no, I'm referring to Col. North in this period. But we did actively look for a second channel, and that was done by Albert Hakim and General Secord.

W. Now, North's decision--I gather it was North's decision to look for the second channel, is that what you are telling me?

C. To the best of my recollection it came from the NSC. I mean it wasn't--since it wasn't our operation, we didn't feel we could make a decision like this.

W. That is we, CIA?

C. CIA, yes.

W. Albert Hakim in his testimony attributed the idea, he believed, was the way he phrased it, to General Secord. Is that consistent with anything you understand?

C. Well, I think that between General Secord and Col. North. The idea--we were--it is kinda difficult--and everyone was in agreement with--I mean, there is nothing that, you know, there was no contention. I mean, everyone was in agreement, but

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I--the action people in looking for it was certainly, you know, General Secord, and of course Albert Hakim gave him a helping hand. And the first step, as I mentioned before, was bringing [redacted] to Washington on the 10th or 11th of July.

W. Now, that [redacted] was identified initially by Albert Hakim, correct?

C. What--let me see if I can recall it. Through some contacts of his in London we learned that [redacted] had contact with Iranians who were ex-officio, so to speak. Running a purchasing operation in London. And when we met this guy, because he had reported to Albert that the relative had come out and asked for an American contact, and we assumed that this was the Iranian effort also to set up a second channel.

W. Now, that I think, was memorialized in your, your notes of the July 10, 11 meetings with--

7 You have copies of those?

W. Yes, we do. Let me pass your statement just a moment, here. Your understanding was that Albert Hakim--well, let me back you up even further than that. You said, "we made contacts who then located the people who had the connection to the relative." Who, when you say "we", is that CIA, or--

C. Excuse me. Albert Hakim. Albert Hakim had the contacts. He had used [redacted] before in his business. And in talking to him found out that this guy was associated with these two firms in London. And found out about the relative coming out. So what we wanted to do is, through

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this official, when we brought him to Washington to talk to him, as you know from the notes, is very anxious to get in contact with the relative the next time he came out. And that was handled by General Secord and Albert Hakim. They met with him in Brussels in August I believe.

W. That's correct. This [redacted] was [redacted] [redacted] Is that correct?

C. That's correct.

W. And, were you aware at the time that Hakim had proposed [redacted] to the CIA back in--at least two times in 1983 as a possible source of information?

C. I should have been aware of it, but I couldn't recall it because it was something we didn't pursue. Normally in this business when you don't pursue something it goes from your mind. But I think you, you in fact, showed me one of the cables that I coordinated on. And I couldn't, I honestly couldn't recall it. So--but, we had nothing to do with [redacted] Possibly it might have been because of the fact we knew [redacted] [redacted]

[redacted]

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C. [redacted]

W. Now, when he came to the United States, one of the things he was subjected to was a polygraph examination which was conducted by a private commercial firm. I think you were aware that that was among the plans when he arrived. Is that correct?

C. That's correct. We didn't want--the agency did not want to get involved in a polygraph.

W. O.K. That's my next question. Why not?

C. Well, we normally--it was not someone that we were going to be using as an agent. I mean, the polygraph is pretty much for us an in-house tool.

W. That is, when you say us, you are referring to the CIA?

C. Yeah. It's a CIA in-house tool.

W. Were you present when the commercial polygraph was performed?

C. No. I didn't want to be president--present, excuse me, not president--present. [laughter]

W. No higher ambitions even today, is that correct?

C. No. [laughter]

W. It is correct. Mr. Cave, the polygraph examination was performed by the commercial polygraph examiner. I've had the opportunity to interview him and he has told me that the information that Albert Hakim gave him on which he based his questions, was so indistinct that he could not vote for the reliability of the test. Were you ever made aware that that test

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was not a reliable test?

C. No.

W. Is that something that you should have known?

C. I would have liked to have known it at the time, because the word I got from Hakim, that he passed the test.

W. Uh--

C. As a point here, most polygraph tests are inconclusive, as you are probably aware.

W. Except the test you performed in January of 1986 on Mr. Ghorbanifar?

C. When you have prize. [laughter] Suspect--subject like Ghorbanifar, it's pretty easy to come up--see, the effectiveness of the test is based a lot on the background of information you have from which to formulate your questions, because you can then let the subject know that you know an awful lot about them.

W. That I think was part of the problem that this polygraph examiner ran into. In other words, Mr. Hakim was unwilling to expand on the background information that would have allowed this polygraph examiner to sharpen his questions and get a more precise result.

C. I never had any--I never knew the questions that were asked on the test. All I know is this. Albert Hakim told me that he had passed the test with particular emphasis on the fact that [redacted] was not now functioning as an agent of the Iranian government.

W. Let me pursue this just one step further. The Iran

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initiative was one of--was a very highly compartmented and sensitive operation during the summer of 1986. Is that correct?

C. Well, yes and no. I mean, one of the real worries is that we had too many outsiders that knew an awful lot about it or we would have no discipline or control.

W. People like Ghorbanifar and ultimately people like [redacted] and his contacts in London, is that correct?

C. And the contacts in London also knew something was going on.

W. The reason I pursue that--I think within the American government it was considered to be a very sensitive operation. Is that fair to say?

C. Yes, that's fair to say. There were very few people that knew about it.

W. Let me stop right here. I'll speak into the microphone for the record. I'll stop right here and change tapes.

[TAPE TWO (sides 3 and 4)

W. Let the record reflect that we had a short break enabling me to change the tape, switch machines and make the thing work. Mr. Cave, my question is, based on the importance of the Iran initiative to the United States government, and understanding your answer on the CIA not actually being the operative agency here, still wouldn't it have been prudent to employ the polygraph resources of the CIA on such a sensitive matter?

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C. Well, at the time, it seemed better to do it the way it was done because [redacted] had been involved with Albert in business deals before, and they know each other. We didn't have much to base a polygraph on and did not really want to reveal anything about the initiative, so to the best of my recollection Albert Hakim said that he would devise questions with the polygraph operator which would get at our basic concerns, was [redacted] in any way involved with the Iranian government or Iranian government agencies.

W. Well, from what you say there it would seem to argue even more strongly that you or someone else in the CIA or the NSC review the questions before they are asked.

C. Well, I don't know if anyone did. I don't know if Col. North, or I--I assume, I don't know, I assume maybe General Secord did. I didn't. I didn't review the questions, no.

W. Let me ask you a question in a different way. Were you aware that following the meetings in Frankfurt in February that C/N [redacted] had developed some concern about Albert Hakim himself? Whether he was an appropriate person, and that was one of the motivating factors bringing you into this arrangement.

C. Yeah. I was asked about Albert, and as I recall, the major comment I made was that you know, Albert is basically a businessman. He's head and shoulders above Ghorbanifar, but you gotta remember, he's gonna look at this initiative as a business opportunity.

W. Did you, and I'm speaking personally now, did you have

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enough confidence in Hakim to feel comfortable in trusting him with, this polygraph with [redacted]

C. I think in the question of the polygraph, you are imputing an awful lot more stature to me in this operation that I had at that time. Remember, I had only taken part in the meeting in Paris, and the trip into Tehran. And, at the time of this polygraph had not done much with regard to the Iran initiative. Nothing much had happened. As you recall it wasn't until--this was the beginning of the second channel, and we did not have the meetings in Europe which led to the release of Jenco, I guess it was, at the beginning of all this. They did not occur until the end of July. And what period you are talking about now is the beginning of July. So, I was still looking at this, as was I think, everyone else, as an NSC operation. And, I can't even recall whether we were asked to provide a polygraph form. Or whether there might have been some bureaucratic reason why we couldn't do it at the time. No operators available. I just don't recall.

W. Let me restate the question because I don't--I'm not trying to exaggerate your importance here, I'm really trying to get at your personal feelings at the time. Were you, were you satisfied based on what you knew of Albert Hakim that he would reliably perform this kind of a vetting of possible source?

C. I questioned Albert on this, and he said that he had a lot of confidence in this polygraph operator. I think, in fact, I think I recall him saying that he had used them before.

W. But the question really is, did you have confidence in Albert Hakim?

C. Oh, I have found out in dealing with Albert, that when he says he will do something, he does it. And you can trust him on that. My only concern about the use of Albert in this whole operation was that he is a businessman. And he made no bones about it that he looked, he was willing to work for the benefit of the U.S. government, but he also was going to pursue any business opportunities that came up.

W. Were you aware that there was a, I think was referred to as a derogatory block on Albert Hakim which prevented him from going into the Old Executive Office Building?

C. Yes. I was aware of that. But I never did find out precisely what it was.

W. Did that cause you any concern?

C. Yeah, it caused me some concern, [redacted] I couldn't come up with any reason why he should have this derogatory block.

W. Mr. Cave, also during this June-July period, I gather you began to meet and had at least one or two meetings with [redacted] is that correct?

C. Yes. [redacted]

W. [redacted]

C. I met with him once in July, toward the end of July, and that was a very promising meeting. But this was coordinated with the State Department. I gave them, you know, a full rundown of everything that transpired at the July meeting.

[redacted]

W. Let me bring something to your attention and let me ask if you are aware of it. In North's notebooks there is an entry dated July 7, 1986. North notes that he has to get a biography of [redacted] for Abe, which was the pseudonym for Hakim. Were you aware that Hakim was looking for a biography of [redacted] in early July of '86?

C. No.

W. Do you have any idea why he would have been looking for a biography of [redacted]

C. I don't know. Col. North was, of course, aware of the contact with [redacted] And was aware of our operational interest in him. But I have no--he never told me that he had discussed this with Albert.

W. Had you known that he had discussed it with Albert, would that have surprised you?

C. Yeah, I would want to know why.

W. [redacted]

[redacted]

C. [redacted]

W. [redacted]

C. [redacted]

W. I'm gonna go through this particular entry in North's notebooks and ask you if you have any information on this. The note is, as I think I've indicated, July 7, 1986. It's headed "Meeting with Abe." It notes the computer at the White House has a hold on him. And it says, [redacted] bio for Abe." And then it has a list of objectives. And the way these read is "legitimate", it says "legit bus with Australia," which I read as legitimate business with Australia. "Legit security contracts with U.S. entities. Financial network. Income earners. Jose Defex. Going back to Australian, on July 18, 1986, and the last entry is [redacted] don't close." Let me go through that with you Mr. Cave. Do you have any idea what they are talking about with this legitimate business with Australia?

C. That might--Australia might refer to [redacted] We referred to him as the Australian.

W. Assuming that Australia refers to the country of Australia, would that have any meaning to you?

C. No.

W. How about the entry with respect to Jose Defex?

C. I draw a complete blank on that.

W. Do you know what Defex is?

C. Defex? Not offhand.

? Defex? Doesn't ring a bell with me.

W. If I were to tell you it's a Portuguese arms company, would that ring a bell?

C. Oh. Yeah. I've heard of it, yeah. Yeah, I've heard of it now. Defex--is that what it is? Defex? I thought it was Detex or something like that.

? D-E-F-E-X.

C. D-E-F-E-- O.K.

W. There are, I think, at least two large companies that have an inter-relationship. One is Defex, and the other is Indep.

C. One of those, I forget which one, General Secord had a close relationship with.

W. Yeah. That would be Defex.

C. O.K.

W. There's a reference here. The Jose is not explained, but there is a Jose Garnell. Does he, excuse me. Does that name mean anything to you?

C. No.

W. The entry with respect to [redacted] [redacted] that was not new information to you was it?

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C. No. [redacted]

W. General Hashemi is the one who introduced Ted Shackley to Ghorbanifar back in November of 1984. Did that information come to you at all during the course of this initiative?

C. [redacted] When Shackley came to him he thought it was a legitimate enterprise. [redacted]

W. This is General Hashemi?

C. Yeah. [redacted] And, uh--

W. This isn't the same meeting with Mr. Shackley?

C. No. No. But through this. And so Shackley, Shackley told him he was functioning on behalf of the NSC. And so he helped set up the meeting with [redacted] in Hamburg in August of--November of 1984. I found this out after the fact. [redacted] And nothing ever happened. [redacted]

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W. You are speaking [redacted]

C. [redacted] the contact had been brokered by [redacted]

W. Do you know yourself how he and Mr. Shackley met?

C. No.

W. Do you know that they have been in business together, and I think still are, in business together?

C. Oh, yeah. I knew--I was aware that they were in some kind of business together. But I don't know how they met. [redacted]

W. Mr. Shackley, in November of 1984, not only met with Manucher Ghorbanifar, but he met with, I think his entry was, [redacted] Is that the same as the [redacted]

C. [redacted] yes.

W. Now, is there--who is [redacted] then?

C. They are two brothers. One--the first names I'm not--one is a [redacted] And the other has a position, I think in the [redacted] I'm not sure. There are--actually they're originally [redacted]

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tribesmen--unusual for a tribesman to be a clergyman. [redacted] very important because he controls an awful lot of money and is considered by a lot of people to be somewhat moderate.

W. And you are referring to the [redacted]?

C. [redacted]

W. And--

C. And I think that is the one he met in Hamburg. I'm not sure.

W. Do you recall which name goes with which. Whether [redacted] goes with the [redacted]

C. I think--I'd have to check the records to be sure of it--I think its [redacted]

W. Was it your understanding that Mr. Shackley actually met with [redacted] or not his brother in November of '84?

C. I was told that he met with--my understanding was that he met with [redacted] I don't know if that's true or not.

W. And that's an understanding you gleaned from [redacted] is that correct?

C. That's correct.

W. And I--

C. Although, one thing that might be--I think at one point Ghorbanifar said that they had--no--somewhere there is a report that said Ghorbanifar had dressed someone up like an Ayatollah and -- [laughter] I don't know whether it's ~~a pocketful~~ apocryphal or not, but I know there is a report somewhere that Ghorbanifar had

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dressed a guy up like an Ayatollah and had him talk to Shackley. But I don't know whether this is apocryphal or not. But it's something that Ghorbanifar would think of doing.

W. You don't find that to be incredible?

C. No, I don't find that to be incredible. And I can't remember where we got the report. I know there was a report somewhere along the line that actually Ghorbanifar had just dressed someone up like an Ayatollah and had him meet with Shackley.

W. Mr. Cave, let me just dwell on this for a few more moments. You recall last time we met, which I think was back in early July, I showed you a series of memoranda and cables relating to a proposal back in early July, I showed you a series of memoranda and cables relating to a proposal back in August of 1976 to, from Theodore Shackley to use Albert Hakim as a source for the CIA. Do you recall that?

C. I recall you showing me the cables, yes.

W. Do you have any idea, or do you have any knowledge as to how Mr. Shackley met Mr. Hakim?

C. I don't recall. And one of the problems, since nothing ever happened--you know, I never paid any great attention to that proposal. It went by the boards. We never did use them.

W. Mr. Shackley has told us that he met Albert Hakim through Ed Wilson. I gather that's something that you didn't know.

C. I knew that, oh, uh, that Albert had been--had known

Ed, Ed Wilson, yeah. But I still to this day don't know what extent he was involved in any kind of business with him.

W. And when would you have known that. That Hakim had some background with Ed Wilson?

C. I think it was when I reviewed his file. I think there is something in the file that says something about that. I'm not--I couldn't swear to that, but as I recall, I believe there is some--there's a couple pieces from the paper relating to a relationship with Ed Wilson. And that would be when I asked to look at the file after I knew that Albert was in the loop, so to speak, on this operation.

W. And that would have been approximately when?

C. Probably sometime in, oh, late March, early April of last year.

W. Did you, independent of your review of the file, did you have any knowledge of Albert Hakim having any association with Ed Wilson?

C. I don't recall any, no.

W. Reviewing the file didn't bring back any independent memory, is that correct?

C. No. I knew of Albert Hakim, but never had had any dealings with him. He's a pretty well-known businessman in Tehran.

W. Did you pursue this with him at all? Did you ask him, himself, about his background with Mr. Wilson?

C. I did at one point, and he told me it was the dumbest thing he ever did was getting involved with Ed Wilson.

W. Were you aware of General Secord having had some involvement with Ed Wilson?

C. Yes, I was aware of that.

W. Let me just put these two things together and ask you--and I'm just speaking on a--you know, your own personal reaction. Did the combination of all this knowledge about Hakim having had an association with Wilson, and Secord having had an association with Wilson. Did that cause you any misgivings about the participation of these two men and the very secret and sensitive initiative?

C. I talked to Col. North about this.

W. What did he say?

C. And what he told me was essentially that, look, these guys made a mistake, and if they had it to do all over again, they wouldn't do it. They realize it was a dumb thing to do, and they are working to basically now prove themselves. Albert wants to really--one of the things, I'll never forget--North told me, he says, "Albert Hakim is very interested in proving that he's worthy of being a citizen of this country."

W. Did you know at any time during this initiative that in December of 1983 General Secord had applied to CIA for a security clearance and it had been denied?

C. I didn't know that, no.

W. When--after Father Jenco was released in--I think it was on July 26 of 1986, Manucher Ghorbanifar met with, I think you, and North in Europe. Is that correct?

C. Yes. We had a meeting, I think it was in Frankfurt, if I remember correctly.

W. Now, at that meeting, if I recall correctly, he advised you of what it was that he had promised the Iranians to get Father Jenco released, is that right?

C. I'm trying to recall it. I didn't take any notes on that meeting, because North took all the notes. Nir was there. I think that--as far as I recall the commitment was for the rest of the spare parts. I'm trying to remember if there was anything else.

W. Now these are the same--when you say the rest of the spare parts, these are the spare parts that were planned to be delivered in--to Iran in May, is that correct?

C. That's correct. The remainder of them. I don't recall any other commitments that were asked for at that meeting. I think it was to continue the thing, we should deliver the rest of the HAWK spares.

W. Do you recall whether at this meeting he proposed what I think has been, in shorthand fashion, referred to as the sequential release of hostages and delivery of arms.

C. Yeah. What he told us is that he indicated that he had sent a letter and we were supposed to have a copy of it. This is the famous letter in which he makes all these terrific proposals to the Iranians. And there is the idea of sequential release in that letter. We didn't get that letter until after the fact, as

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you are aware.

W. And if you would for the record, just relate how it was we ultimately came into possession of that letter.

C. Either he or Nir sent a copy of it to us via DHL, to Col. North.

W. The notion of sequential referral was a departure from past U.S. policy, is that correct?

C. That's correct.

W. Do you recall, and let me place you in the month of August. Do you recall any discussions with North about the advisability of departing from the prior policy of insisting on all the hostages at once, and adopting the policy of sequential release?

C. No. I always felt in this operation, you know, we were the mechanics. That the policy decisions were made at the White House. And the way they wanted to do it was all right with me.

W. Just to be clear. You say, "we" again. We the mechanics, so that's the CIA. Is that correct?

C. That's correct. That's the CIA. Now it was--we did not immediately, as you recall, release the rest of the spares. There was some discussion in Washington about the advisability of going along with this. And I remember a conversation I had with Director Casey on it.

W. What was the position that he took?

C. Well, he was asking for my opinion, and I said look, the spares are sitting in Israel. The Israelis don't want them.

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We can't take them back. If they want to keep the initiative going they might as well send them, send the damn things in. Also, no matter what kind of a sleaze Ghorbanifar is, he's on the hook for an awful lot of money. And he's not going to be able to collect anything until those spares are delivered. So those were my recommendations and Casey pretty much went along with them.

W. Was there, in your conversation with Director Casey, consideration given to the inconsistency between saying in May you can't have any of these, any more of these, until the hostages are released, and then at the end of July with one hostage released, giving them all over to the Iranians?

C. I'm trying to recall. After the--in the immediate aftermath of the visit to Tehran, there was a lot of talk about the initiative being over, as you'll recall. I was probably more upbeat than anyone on the plane because I had a lot of private conversations with Iranians. And I concluded that no matter what happened, they were very much interested in some kind of a strategic dialogue with the United States. I think that--we had a meeting also with Nir before the meeting with Ghorbanifar. And as I recall, the sequential idea came up first there. I mean, it was Ghorbanifar. Because Nir was speaking from the letter. And Nir later admitted that he had authorized Ghorbanifar to make some of the commitments that he had made in that letter. But not all of them. Now, I never got it straight in my mind which ones he had said he could make, and which ones he did not authorize.

W. And you are referring now to the early August meeting in London, is that correct? Or are we still in late July?

C. I thought we met--didn't we meet with him in July also in London?

W. That is Nir?

C. Nir. Maybe it was August.

W. Well, let me ask you that question--

C. Oh, yeah, it might--I guess--see, when we met with Ghorbanifar on the 25th, we did not have the letter.

W. That is the letter to [redacted]

C. The letter that he had sent to [redacted] And I'm kinda hazy in my memory now when it was. I was not sure whether we met Nir before and then--I get dizzy trying to--we met--it was Nir and Ghorbanifar and North and I at the end of--because that was--I was called up from Geneva to meet with them. I had just met with [redacted] I think on the 25th of July. I'm not sure. But, whether we met--I do not recall whether we met with--we had a meeting with Nir in London before that, or it was immediately after that, in August.

W. Let me ask you this. There was a meeting in August, on August 8, between Nir, North and Ghorbanifar. Do you recall whether that ~~you~~ would have been a meeting that you would have gone to?

C. No. Because the meeting that I'm talking about was just Ollie, Nir and myself. And we flew to London one morning and I flew back the next day.

W. In September, in early September, North had a meeting with Poindexter in which he discussed the desirability of adopting a sequential release policy. Were you at any time brought into these discussions with North?

C. No. He would just apprise me of what they were going--of these discussions with Poindexter and what they were--what the White--you know, I guess the White House or the NSC, had decided on.

W. Do you recall him advising you at some point in September that, that the sequential release notion had been approved by the White House?

C. I don't remember him specifically saying that this thing here has been approved because the position we took with the second channel was that the seven points, as enunciated in Tehran, would be, would be an--I don't know how you want to phrase it or characterize it--but would be an agreement that the United States would adhere to with Iran. Now, the idea of a sequential release, as I understood it, was [SIDE 3 ENDS] The fact that there was still a certain amount of mistrust and perhaps the sequential idea is the best way. They do this and we do this, and they do this, and we do this. That type of thing. That's the way I understood it. But, I was not involved--a lot of this evolved from, I gather private discussions between North and Admiral Poindexter. We had several meetings at the White House. A couple meetings with Poindexter. But it was basically the overall thing. And I don't recall really being in one of those meetings until after the second channel. I think there was one before, immediately before we met with him, then one immediately after. That one I remember clearly on the 24th of September.

W. O.K. We'll go back and cover September in just a moment. Mr. Cave, we are back on the record. I'm going to go back and forth on some subjects here, so fasten your safety belt. Reports came out of the meeting with, the first meeting with the second channel, that is a relative, [redacted] on August 25th, that there was a separate TOW transaction that the Iranians were trying to put together. I think the fellow's name was Escandari. Out of Spain. Were you familiar with that separate TOW transaction as it was developing?

C. Yes. That was one where this guy was claiming to have, I forget how many TOWs it was, and we did everything. [redacted] [redacted] and we came to the conclusion that despite all of the information that we were getting that this deal was going down, that it was a spurious deal.

[redacted]

W. Do you recall when they reached that conclusion?

C. I can't recall the exact date, no. But I know that, we had had word that supposedly the stuff had been shipped and our [redacted] people say, hey, that's a bunch of crap. We would have picked it up.

W. Were you aware that North contacted Charlie Allen on this, and asked Allen to report the matter to Customs?

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C. Yeah, we were--and we did, we did contact Customs that we have this report. And Customs was never able to develop any concrete information on it. And also our--this munitions--munitions people said that they thought that it was false.

W. According to Allen's memo on the subject, Hakim told him that he suspected that Ghorbanifar and Khashoggi were behind it. Was that ever any information that you could verify?

C. Yeah. As I recall there was that speculation of Hakim's--I think we were able to put, oh, I'm not certain of this, but I think this guy Erajaskanderi, I believe it was. Who was, had some connection with Ghorbanifar. But whether Ghorbani--we never, I don't think we ever got any concrete evidence that Ghorbanifar or Khashoggi were involved in this deal.

W. This subject came up in early, or excuse me, late August. Our first written information on it is a report that Secord made to North on August 27. North's notebooks reflect that there is still concern about this possible transaction as late as October 22. Were you aware of that?

C. I don't remember the exact dates. North's concern was that he didn't want the Iranians to get hold of TOWs because that was one of the things we were authorized to deal with them with. And if they were able to develop an alternate source of TOWs, it would weaken our negotiating position. This is why he was pursuing shutting this deal off as--if at all possible. But as far as I recall, when we concluded, there was never a real deal. Our [redacted] people were pretty certain of that.

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W. Do you know whether the existence of this possible TOW deal in which Escandari was involved played any role in the reduction of the price of the TOWs in the October transaction. That is, the reduction by the United States of the TOW price?

C. None that I know of. I never heard of any.

W. Let me shift onto another subject. Charles Allen wrote a memo in September, on September 8 of 1986, which was directed, ultimately directed into Admiral Poindexter's hands by Lt.Col. North attached to another September 8 memo that Lt.Col. North wrote. And in Mr. Allen's memo he had the observation that, and I'll quote this, "more and more we suspect that some Hizballah leaders would be willing to settle for the release of the Americans and the French for Shi'ite prisoners held by Anton Lahad's Southern Lebanese army. He prefaced that remark by saying that those holding the American French are frustrated because there are no, they were no closer to securing the release of Da'wa prisoners than they were in March when they kidnapped William Buckley." The import of that, or at least the way that reads is that in Mr. Allen's opinion there was coming a point where the hostage holders were becoming frustrated that they were not making any progress on the Da'wa, and perhaps were willing to settle for the Shi'ite who are held prisoner in Southern Lebanon. Was that, first was that an opinion that you were aware of, and second was it one that, at that time--and this would be early September--you would have endorsed?

[redacted]

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[redacted]

W. O.K. Would you have agreed with what Mr. Allen wrote on September 8 then?

C. Yeah. I would agree in the sense I think it was plausible. [redacted] you have to be careful about the generalizations you make. But certainly what Mr. Allen wrote was entirely plausible, and fit in with things as we understood them at the time.

W. Do you recall being aware that he submitted that opinion in September, on September 8, or in that time frame?

C. Yeah. I don't specifically recall it, but it rings a bell that something like that went forward. And, go off the record.

W. O.K. We are back on the record. Mr. Cave, during this period of time, let me put you in the August-September-October 1986 time frame. Were you providing advice to North or Poindexter on yourself on whether there was any flexibility being shown on the Da'wa issue?

C. By the Kuwaitis? On the--

W. I'm thinking really on the, on behalf of the hostage holders.

C. [redacted] there was nothing that I could really have provided them with.

W. So you were not providing them with that kind of information.

C. Not on that specific issue. [redacted] But--and also, based on my own experience in the area, I thought that the hostage takers and the Iranians are going to have to make pretty, pretty iron-clad guarantees that there would be no more operations run against the royal family in Kuwait before there would be any motion on the Da'wa prisoners.

W. How would, let me ask you just hypothetically, what kind of a, what kind of an iron-clad agreement could a group as

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shadowy as the Da'wa give to a, basically to a government on whether they'll continue to perform terrorist acts.

C. Now you get into--if you'll go to my report on the final meeting in November in Geneva, one of the things that I argue for, is that, look, the Iranians are going to have to deal directly with the Kuwaitis on this, because they are the only ones that have the influence to make the guarantees and how the Da'wa thing ends is, we have an all day argument [redacted] I think on the 9th of November. An exhausting one. It lasted the whole damn day. It was almost entirely devoted to the Da'wa prisoners. And which we said we had done everything we possibly could, it's now up to you guys. And the final thing, he says, O.K., [redacted]

W. O.K. We are going to return to that, later on in--

C. Because that is one of the things that I think, where Secretary Shultz in his testimony was way off.

W. We are going to get to that, too. So make a mental note of that, and we will definitely get to that. The next thing I want to ask you about, is there was an article that appeared in between the two meetings in Germany. One was on October 6-8, was the Frankfurt meeting, and then there was a meeting in Meinz on October 29-30. In between those two meetings, an article appeared in Newsweek magazine on the subject of the Americans held hostage in Lebanon. And that article, which was dated October 20,

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actually came out earlier than that, and it contained the following observation. First, it stated that Jacobsen, Anderson and Sutherland were being held by the Magnia family members of the Mausi clan. Then it went on, and I'll qu~~i~~ote ostensibly, "they snatched their victims to trade for seventeen confrairs in terror jailed in Kuwait. But intelligence sources believe they might settle for springing just three Lebanese Shi'ites among them, who have been sentenced to death." First, let me ask you, do you recall this article coming out?

C. Yeah. I think I recall it now. We were somewhat concerned about it..

W. Why was that?

C. We were wondering whether somehow, somewhere, something had leaked on the initiative. But I don't know if anyone ever made any conclusions about it. I don't think security ever investigated, made any investigations or anything.

W. Now when you say, we wondered about it. Who was curious about this?

C. Well, the people that were involved. Charlie Allen, myself, and I think C/NE [redacted] and Col. North. Somewhere that someone had leaked something to them--to Newsweek. Some person unknown to us. Or whether it was just coincidence that Newsweek had come up--developed this story independently. Its so fragmen--as you know from the article, its pretty fragmentary. So it's hard to tell. But it gets a little bit close to home, you know, about what we were doing.

W. It was quite close to home at that point, wasn't it? The--I gather then that there was speculation, but no investigation, that you know of made on who the "intelligence sources" were who were the source of the Newsweek article, is that right?

C. That's correct. Because in a situation like that, if you investigate, you only call attention.

W. Now there are--the White House put out some press guidance on this, which was dated October 14, and the press guidance said that the, it had a series of questions that posed and then answered itself, and in response to the central theme of the article, which was that if only three Lebanese Shi'ites were released, the hostages could come home. At least Jacobsen, Anderson, and Sutherland. The press guide then said, "the question is not whether we would seek the release of three or seventeen prisoners, we will not negotiate the exchange of innocent Americans for the release from prison of tried and convicted murderers held in a third country. Nor will we pressure other nations to do so. To make such concessions would jeopardize the safety of other American citizens and would only encourage more terrorism." Were you aware that the Administration was putting out that kind of press guidance in the wake of this article?

C. I can't recall exactly what I knew or didn't know right now, because it's a long time ago. But there is one thing that this has jogged my memory on. One of our concerns was the three condemned to death. Because we knew that they were never going to get out. And we were worried about that. It was someone else leaking something to the press to tell us what their final price was going to be. But, I don't--I assume that Col. North had played some role in this, in this statement to the press. But I don't know that for a fact.

W. Now the statement to the Press would have come on the heels of the Frankfurt negotiations.

C. Frankfurt negotiations.

W. And the Frankfurt negotiations resulted in what Albert Hakim has agreed ought to be called the Hakim Accords. Otherwise known as the nine-point plan, which maybe that's a term you would prefer.

C. Actually if you look at them, they are not much different. It's just an expansion. The original seven-point proposal that was given to the Iranians in Tehran.

W. O.K. Well, I want to go over that plan with you in some detail. First, however, there is a--putting aside the Hakim Accords, there is a October 10 PROF memo, which was reproduced in the Tower Report, only it omitted Point 3. Point 3 reads, "Copp and Sam help prepare a plan for approaching the Kuwaitis to guarantee no more terrorism against the Amir and by which the Amir will use a religious occasion to release some of the Da'wa." They will take this plan to the Hizballah as their idea (face-saving gesture) with the Hizb." Do you recall that being part of the nine-point plant, reduced to the seven-point plan on a PROF note.

C. Yeah, I recall that. I recall this. As you can see, the plan that we finally game them was what had come up at the November 9 meeting in Geneva, with which you guys have gotta pick up the ball and run with it. We've done everything we can. Now the only thing that I know of that was done--excuse me a minute while I take a look at this. I don't know if it was this meeting, but at some point what the Iranians told us was that they were concerned about the five that got the short terms. Of these seventeen, three were sentenced to death. Nine got medium to long prison terms, and five got very short prison, I think it was just four years or something like that. What they were concerned about, is that the Monias people, was that the five would not be released when their terms were up. Now, the only commitment that I can recall that was made to the Iranians was that Col. North said that he or Admiral Poindexter would talk to the, I think the Kuwaiti Foreign Minister about this, to see if in fact the Kuwaiti's would release these guys when their term was up, and my understanding--I can't prove it--but that actually took place, because the Iranians were subsequently told that these people would be released when their terms were up.

W. O.K. Let me first just make it clear for the record what I have handed to Mr. Cave and what he has read as a PROF note, dated 10/10/86 with the, and the time of the PROF note is 215531 hours. It bears our Committee identifier of N12176 and it has a page 213 up in the upper right-hand corner. Now, Mr. Cave, I'm going to return to the subject of the negotiations in Frankfurt later on this afternoon, but the reason I put that PROF note in front of you is that that PROF note is based on the Frankfurt negotiations, is that correct?

C. Yes, that's correct.

W. And the note does contain in it, a description, in general terms of an effort that--an undefined effort--that you and General Secord are going to undertake to see if some of the Da'wa can be released. Is that correct?

C. What it was, is that we were supposed to come up with some sort of plan of action for the Iranians with regard to the Da'wa.

W. Right. And that's what is embodied in point three.

C. That's embodied in point three.

W. O.K. Now, my question is, this, the PROF note appears on October 10. The article appears not long after that because the press guidance on it is dated October 14. Do you know whether any consideration was given to whether this press article was leaked in order to support the effort that had been made in Frankfurt by preparing public opinion for partial release of the Da'wa prisoners?

C. No. I have absolutely no information about any purposeful leak of that type.

W. And what I'm saying, and I know you are reading me clearly, is that, is whether this leak might have come from within those people who were participating in the Iran initiative.

C. I know nothing about that, no.

W. Again, this is another cameo subject I'm going to take out of the Frankfurt and Meinz negotiations, before I go into them in great detail. You were aware that [redacted] as he was known in the pseudonym, one of his pseudonyms, was an intelligence officer with revolutionary guards, is that right.

C. Our first indication was when we were in Tehran, because when he was introduced, Ghorbanifar told me out in the hall that he has an intelligence connection.

W. You didn't know that already?

C. No, this was when--we'd never met the man until we arrived in Tehran.

W. Were you not aware that he participated in the Frankfurt meetings in February of '86?

C. Oh, no, no. I wasn't aware of that, that this was the same guy. No. No. I mean, when I first--the first time I knew anything about him was when he was introduced to me in Tehran. And Ghorbanifar on the side said that this is an intelligence officer. And I think that's the first time that we were told that he had any kind of an intelligence function.

W. Did that come as news to you now that he was--he participated in the February meeting.

C. Yes. I didn't know that it was he that participated. I never knew that.

W. Albert Hakim advised us that it was one in the same person.

C. I wonder why Albert never told me?

W. I can't answer that. General Secord would have known as well.

C. They never told me that he was--is all I, is that it was [redacted] and one or two other Iranian military officers. They were described to with me.

W. Well, Hakim and--well I know Hakim specifically--advised us that the man he called the engine was present at the February intelligence briefing that General Secord, under the pseudonym of Richard Adams, performed for the Iranians.

C. Learn something every day.

W. I believe the background information on the relative [redacted] [redacted] was that he, too, had a revolutionary guard background, is that right?

C. Yes. He had been in the revolutionary guard ever since he got out of high school.

W. Now, the revolutionary guard is distinct from the Iranian army, is that not correct?

C. That's correct.

W. And that's the military arm of the--would it be fair to say of the more radical element within Iran?

C. No. I think that what brought about the revolutionary guard was the mistrust by the clergy of the military, of the regular military. Almost an exact replica of what happened in the Russian revolution, is that the Red Army was created by

Trotsky to replace the regular military organization, and what is happened in Iran is that the Rev Guard is gradually replacing the regular military in Iran.

W. They are not considered to be more radical than the Army itself?

C. They are considered to be, they are considered to be more radical, because the military was pretty much ~~A~~apolitical, and these guys were organized you know, initially for political purposes. They were the arm, they were the executive arm of the revolution, so to speak.

W. The members of the Revolutionary Guard would be more properly characterized, true believers than members of the regular army. Is that fair to say?

C. That's fair to say.

W. Do you--were you aware who was getting--let's limit this to the HAWK spares. Do you recall who was getting, or did you know who was getting the HAWK spare parts? Whether they were going to the regular Army or whether they were going to the Revolutionary Guards?

C. They would go to the Revolutionary Guards. [redacted] In fact at one point, [redacted] told us that the military approached and said we hear you guys got some TOWs, we need them. And they didn't give them to them. In fact, they

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were saying if when this whole deal goes through, if we get all the TOWs, we are going to sell some of them to the military.

W. That sounds like a close, professional relationship.

C. [redacted] The fact is, you know all through the meetings with the second channel, they say that Israel's footprints can't be in this at all. And, one of the, I think one of the real motivations for Israel to contact on this, is that they desperately want a strategic relationship with Iran, and by 1984 they began to see that unless the United States gets back in a position of influence in Iran, there is no chance for them.

W. This remark that the relative [redacted] made, about the Army coming to them for the TOWs. Were these the February TOWs, the 1000 TOWs they received in February, or the later October shipment?

C. This was the--he told us this--I think it was the thousand--he was referring to the 1000 TOWs. Because he told us this when we made the arrangements for the final 500 shipment at the end of October. Even aside he said, you know--he had a good sense of humor--and he said, "you know, the military had approached us some time ago when they heard we had gotten some TOWs, and they wanted some." He says, "well, when this whole

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deal goes through we are planning on selling them some." At exorbitant prices, I might add.

[END OF SIDE 4]

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SIDES 5 AND 6 - TCW/km

W. Mr. Cave, do you recall at any point the question of the TOWs actually going to the Revolutionary Guard, rather than to say the Army becoming an issue?

C. I don't recall it ever becoming an issue, no. It was an interesting note, as far as we were concerned. The Rev Guards were handling this.

W. Did you ever see the finding that the sinishter(?) was based on?

C. Not until after the fact. I was told about the finding when I was brought in. But there was a finding. I don't know whether it was C/NE [redacted] Someone who had seen it had taken notes and said here's what it says.

W. The finding -- I'm gonna just go through a portion of it here -- contemplated the United States facilitating efforts by third parties and third countries to establish contact with moderate elements within and outside of the Government of Iran. Let me stop right there because we are going to go a little further with this. Did you consider that the people you were working with, that is, [redacted] and this group. Were they which you would consider moderates within Iran?

C. I would not use the term "moderate." I would call them pragmatic, and use the Iranian term "mianirow" -- middle roaders.

W. Then these personalities were you would consider to be consistent with the general intent of the finding, the moderate element aspect of the finding?

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C. Well I think moderate is an unfortunate word, but the people that we had to deal with, and we're willing to deal with, yes, that's who we were dealing with.

W. The notion of the finding was that the moderate elements, however advisable the term was, would be provided with arms and equipment and related materiel in order to enhance their credibility and that the arms would assist the moderates in their effort to achieve a more pro U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. Knowing what you know about the dealings with [redacted] and [redacted] and the others, was this group we were dealing with consistent with the intent of the Finding?

C Pretty much so. I think if I'd have been involved at the original writing of the Finding I would have liked to word it otherwise. But I don't think that is inconsistent with what we were trying to do and with the people that we were dealing with.

W. And this is, you would say this notwithstanding that the effect would be also to strengthen the Revolutionary Guard, vis-a-vis, the Army, is that correct?

C. Well, the question was, is that you have to pick an element to deal with in Iran. That is part of the strategic relationship. And what we were dealing with is that--was the one that was the only one willing to deal with us. This was Rafsanjani's faction, and what made him politically powerful is his control of the Majlis, and the large scale influence he has

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among the Rev Guards.

W. North's notes reflect that at some point, it's an isolated entry, but it--in early November he has a note that [redacted] has the ambition to build an airwing for the Revolutionary Guard. Were you aware that he was considering something that ambitious?

C. The, I think that he is not talking specifically about [redacted] doing it, [redacted] the Rev Guard has been actively engaged in building an airway, and has actually bought aircraft, and have done considerable pilot training.

W. The, just for the record, the note does say [redacted] wants to build an airwing, but I think that that's a minor point.

C. I think he's speaking in terms of the Rev Guard when he speaks about [redacted] Because, I remember, you know, I remember some discussions about this.

W. Did these, the discussions that you recall, were these in Germany?

C. I think that, yeah, the two meetings that he obtained were the initial one in Frankfurt at the beginning of October, and then the November one which we had in Geneva. The 8 through 10 November meetings.

W. Let me back up just briefly onto the Revolutionary Guard point we were discussing earlier. Just to make the record clear on this. To your knowledge was there any point where senior officials sat down and thought through the--whether giving arms to the representatives of the Revolutionary Guard was consistent with the Finding? Do you recall a discussion like that at all?

C. I don't recall a discussion like that, no.

W. In the--in your notes of the meetings in Washington, the first meeting in Washington with [redacted] you note that he told you that [redacted] had "played a role" in the kidnapping of Frank Reed. Do you recall that?

C. Yes. He told me that they thought, and they were investigating it. But, in subsequent meetings, he told--they never turned up anything. He said he thought--the reason why he said this is that they thought maybe the radical faction was trying to create more problems for the moderates. He says, you know, there is no--in Tehran it's well known that Rafsanjani was against the taking of hostages. And, since [redacted] was involved in this, and is also a member of the radical faction, he may have played a role in the taking of Reed.

W. Did--in your subsequent negotiations, did you--when I say you, the Americans collectively, press the Iranians on the status of our investigation of this?

C. The only thing I can recall is, oh, uh--I think it was during the Meinz meeting that he said that they hadn't come up with anything.

W. Were they undecided, or were they--or they had demonstrated that he was not involved?

C. Well, I don't know--we don't know. They just told us that nothing has come of the investigation. [redacted] But, they--we could never get any followup out of them on it. And that might by typical Iranian that, well, we're not going to tell the Americans that. It might--they just said, well, we haven't gotten anything.

W. But ~~in~~ if [redacted] had been involved in Reed's kidnapping, that would have been a breach of all understanding with him, is that not correct?

C. Yeah. I was kinda doubtful of that, because, you know, I had called [redacted] immediately after Reed was kidnapped. And [redacted] and he's no actor, sounded really astonished.

W. The--let me point this out. In your note of the meeting you don't contain--you don't inject any editorial comment on whether you believe what the relative is saying or not. Did you have an opinion at that point?

C. Well, I think it's the way he said it. He said that there is, you know, like there is some indication that [redacted] may have been involved in the Reed kidnapping because they suspect that the radical faction is doing it. And since [redacted] is involved with us, he may have played a role. But I thought, maybe I should--I thought it was pretty speculative on his part. I mean, he was saying, here's an event that happens in Beirut, and we think this may have happened. Now, I think that they, they told us subsequently that they thought another group was--

and I had a big go around with [redacted] on this--and he told us at the beginning of October that they hadn't been able to determine who it was that took Reed and Ciccipio.

W. Later, I think in early October, North prepared a memorandum for Poindexter where he attributed the Ciccipio kidnapping to [redacted] Do you know what he might have been basing that on?

C. I don't recall at the time--I think that we were--by this time, you know, we were very concerned, there was a lot of speculation going since we were changing channels and everything, what might happen. And incidentally, there were several phone calls by [redacted] and me where he was trying to find out what was going on. He kept asking me about Brussels. Are we going to follow that up? And, I, oh, just sloughed him off. But, I didn't--I never saw that memo. I never--Col. North didn't send us copies of his memos. We sent him copies of ours, but he never sent us copies of his.

W. But you are not aware of what he might be basing that statement on?

C. I can't, I can't recall at the moment what he's basing that statement on. Other than what I'm talking--you know, we were concerned about the change of channels. Whether that would effect--whether that had any effect on the taking of the two hostages or not.

W. Let me, let me turn again to another subject. This is also during the Washington meeting with the second channel,

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[redacted] In that meeting, according to notes that General Secord took, [redacted] advised all of you that William Buckley was not killed, that he died of natural causes, that he had three heart attacks. There is no indication in the notes that anybody challenged him on his assertion that Mr. Buckley died of natural causes. [redacted] in fact he died of complications from beatings.

C. From beatings, yes.

W. Do you recall the relative making that assertion?

C. Yeah, I rem--uh--I--uh--we asked him about ill-treatment and everything, and he said he had no information on that. But that he had not died of torture as reported by the press, but had died of natural causes. We subsequently learned of course, that he did die of natural causes, but the natural causes were brought about by his ill-treatment. And the fact that they didn't get him any medical attention that was worth anything. Uh, the great concern about--cause he told us that they had 400 pages of interrogation that he had been put through while he was being held captive. And also he made the commitment to held--to try and locate the body.

W. On the subject of how Mr. Buckley died, were you, and I say you collectively, was the American group credulous of this information? Did they give it some credence, or did they feel that the relative was giving them--was basically jerking their chain on how Buckley had died?

C. We were doubtful--well, we immediately rejoined you

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know. Well, we understand he's been subject to serious, you know, torture, and the relative's response to that was that he had no information on that.

W. Now, Secord's notes don't show any rejoinder. But you recall a rejoinder?

C. Yeah, there was. And that, oh, uh, we were very much concerned--then he told us about the notes, about getting hold of the notes. And they promised us that they would get them--give us the notes, and also, as part of the deal, we definitely wanted his body returned. But there was some incredulity expressed by those there.

[redacted]

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[redacted]

W. That [redacted] did not have sufficient contact with the Revolutionary Guards?

C. That's correct.

W. Let me ask you this. Did you, did you pose to the, to [redacted] or to any Iranian in the second channel, the story that Buckley was lifted from Lebanon and brought to Iran, and tortured in Iran?

C. I think that was done by Col. North. And, as I recall, [redacted] denied it. And I think this was at one of the late evening sessions in Washington.

W. There was sort of a parallel story that went along with

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that -- a story that might be placed in lieu of that story. And that is that rather than having been taken to Iran and tortured that he was tortured but under the guidance and direction of Revolutionary Guard officers in Lebanon. Do you recall that question being posed to [redacted] or anyone else in the Second Channel?

C. I don't recall that question being posed [redacted]

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[redacted]

W. Did you go on the White House tour?

C. No.

W. Do you know who did?

C. I think it was just, oh, Col. North and [redacted]-was Hakim there?

W. Well, somebody would have had to be a translator. I think Hakim was.

C. I guess Hakim went along as a translator. No, I was--I stayed in the office to write something up. I forget what it was.

W. O.K. Let me stop right here and turn the questioning over to Jack Taylor.

EXAMINATION BY JACK TAYLOR

T. O.K. I'm going to--do you want to take a break?

W. This is to you transcriber, whoever you may be. I'm instructing Jack Taylor in the use of this higher form of technology. Jack is going to be asking a few question of the witness, and it should be noted at some point that he has taken over questioning. I think he'll identify himself for the record.

T. My name is Jack Taylor, investigator with the House Select Committee, continuing the questioning. [redacted]

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[redacted] we were very alarmed about the pricing.

T. Uh-huh.

C. And, uh, because that's a hell of a--we knew what the damn things were costing. That was a hell of a mark-up. I think the total cost for the two high-powers, and all of the spare parts and the 508 TOWs only came to about $10 or $11 million.

T. Right. As we, I think there was about $12--

C. Well, that was for everything.

T. Everything. Including the shipping, the freight.

C. We never did ship the two radars. But the price for the radars and the TOWs and the spare parts -- I think the total of that came to just under $10 million.

T. So, at this point, you've had a meeting on the fourth of April with Ghorbanifar. And you had another meeting in May in London with Ghorbanifar. And you had another meeting in May in London when he was discussing these particular parts.

C. He already knew the price because I think it was transmitted to him via North and Nir.

T. Do you know when that happened?

C. No, I don't.

T. Did you participate in any pricing discussion in April in Washington, D.C.?

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C. Well the only thing that I participated in was what we got from our logistics -- is the price of it -- and we passed that on to Col. North.

T. And that's the DoD price that you received from logistics that was provided by the Department of Defense. Okay. You didn't hear North -- or were you privy to the conversation -- when North discussed with Ghorbanifar the prices at all that were different from the ones at DoD.

C. No, they were very careful about that. I don't know whether they were purposely keeping me compartmented. I don't ever recall any -- the only thing that I recall about pricing with Nir and North are two things. One was about the 1000 TOWs. When we met in Paris, Nir complained that North had sold them too cheaply.

T. Okay. And what was the other?

C. And the other was in Tehran when I raised the question about the cost that Ghorbanifar had asked me to back him up on -- the twenty-four and one-half million for the HAWK spares, and then I called this to North's attention and we got hold of Nir -- we were out in the _____________. And Nir, the only time he ever said anything like it in my presence, he said, well some of it is based on your mark-up. Now what he meant by that, I don't know. We knew that the expenses for all this stuff were being paid out of moneys also generated by the sales.

[redacted]

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[redacted]

T. All right. Let me just take a break here. I'm going to take a look at my notes. There is one question along that line, for the sake of my report again, and the accuracy of it.

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Did you indicate that early on in the operation you had suggested to CIA officials that, that--you mentioned already that you should have as few service officers--is that the phrase you use?

C. Serving officers.

T. Serving officers, as possible to be witting or involved in this operation. Did you also have an understanding with anyone at any time that you should not be present when pricing was discussed?

C. No. I had no such understanding. My, my whole point on the serving officers was that this was a--there were two aspects to it. And to keep the knowledgeability very limited, one, was the sensitivity of the operation, and the fact that it was very high risk. And the kind of thing that when it blows up it could destroy careers. And I didn't want any serving officer putting his career at risk, when I could do it without any. I don't have a career to risk.

T. O.K. Now I along that--taking that a step further then, you were allowed access to all conversations involving pricing, but there may have been conversations where you just weren't, you weren't aware of them, huh?

C. Oh, I was not involved--I mean, we--the way--it appears, what I understand about the pricing. We would get the DOD pricing by our office of logistics, and give that to North. And then North would deal with Nir and Ghorbanifar on the prices. And, in my--in hindsight, they were very careful not to talk about the costs in my presence. There weren't any other CIA officers present. Once they got the price that they had to pay us, then we were out of it.

T. So your first sense of alarm then was in May, when you [redacted] put the absolute price together with those.

C. Yeah. This was an awful, awfully large mark-up.

T. And, again for the record to clarify my report, what was your response to North when you read that?

C. We brought that to North's attention, and I don't--he really didn't have much to say at that time, except to agree with us that this was a, quite an egregious mark-up because at the meetings in April with Ghorbanifar, he told us that he was going to mark up the cost 60%. He would add his expenses onto the cost, and then mark it up 60%. That seemed to be a lot more than 60%. He told us, he told us in London that his expenses that he had incurred, with regard to this shipment, were about $350,000. So I never, I never got much of a reaction out of North when we brought this up. [redacted] I got more of a reaction out of him in Tehran.

T. O.K. Stepping back to the April 4 meeting in Washington, D.C., you did write a report, I think, following that meeting in which you synopsized the conversations that were held over that, I guess a day and a half or two day period where you met with Ghorbanifar.

C. Yeah, we met with him on April 3, and then I saw him briefly the morning of the 4th before he took off to see his girlfriend in California.

T. O.K. And in one part of your report you mentioned that Ghorba began discussing his cut at the Washington, D.C. meeting. I assume again his cut would be a percentage of--

C. Yeah. He would--

T. --of the payoff.

C. He said that he would add his, add his expenses to the price and then add 60%.

T. O.K. That was the same figure you just discussed with me now.

C. Yes.

T. Gotcha. And I take it again as I asked earlier, you did not discuss pricing for the 240 and the radars other than what DOD had given you at that meeting.

C. Yes. It's all we'd do. We would give that material to, oh, uh, Col. North.

T. O.K. Stepping to another subject, there was a lot of confusion over the necessity of a preadvanced trip to Tehran, or Kish Island, or wherever, and this confusion carried all the way through, I guess, not necessarily confusion, but perhaps controversy over whether or not a trip should be held, continued all the way from early March up through early May, I guess, as to when--

C. By the end of April.

T. End of April?

C. A decision was made that we wouldn't go.

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T. And there was some, there was a plan to, I think at one time, meet with [redacted] in Frankfurt, before you actually traveled to Tehran.

C. Well, what the meeting with [redacted] was decided as superfluous. One of the problems is is we can't, we couldn't believe that this guy could speak with any authority, given his level of intelligence. There was a lot of discussion about North and myself and Ghorbanifar. Ghorbanifar said he would hire a private jet and we'd all fly in and we could talk for, you know, one day, and fly back out. That was, that was scotched, I think by the, to the best of my knowledge, by the White House as being too dangerous.

T. O.K. Did you ever get to the point to where the Administration had agreed at one point, where they were going to send you, and you said you and North, at one point were considered?

C. Yeah. That was, that was, it was really a proposal that just never got approved.

T. General Secord testified that at one point he was to go in and do the same, conduct the same affair, as a pre-advance meeting to determine an agenda prior to McFarlane's trip.

C. That was very early on, I think, before I got involved. And then, because when we were talking in early April, it was going to be just myself and North, and Ghorbanifar flying in.

T. O.K.

C. And that was scratched.

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W. This is Tim Woodcock again. Mr. Cave, what was it that was, that the Administration perceived was too dangerous about the advance trip.

C. Well, I think that we really didn't know that much about who we were dealing with. I mean the only--as far as we know the only guy on the other end you know, was [redacted] And, there was a lot of uncertainty, there was considerable mistrust of Ghorbanifar, and it was decided that we just didn't want to take the chance.

W. The plans for the meeting in Iran originally, of course, centered on Kish Island, but the plans for the meeting in Iran began to develop either during or on the heels of the Frankfurt meeting in February. Were you aware of that?

C. Yes, I was aware of that. We--this was just general discussion. It was at the meeting in March in Paris that Ghorbanifar told us that the Iranians had agreed in principle to a high-level U.S. delegation coming to Tehran.

W. There is, there are a series of PROF notes and memoranda that, that go all the way through March and April that place the meeting, the one that McFarlane was going to participate in, as being imminent within a week or ten days, and it keeps receding on the horizon.

C. Yeah.

W. How do you square the imminence suggested in those memoranda with your statement about the advance meeting being too dangerous?

C. Well, I don't, I don't, I was not aware of the discussion which led to the cancellation of the advance meeting. Because that was done over at the NSC or the White House. I wasn't privy to that. Cause all I got from North is that they decided not to do it, and that we'd go ahead with the regular meeting based on the guarantees that I was getting over the phone from Ghorbanifar, one channel, and also from North via Nir. I mean from Ghorbanifar and Nir via North on the other side. And the decision was made to scratch the preliminary mission and to just go with the regular trip to Tehran with McFarlane meeting the party.

W. Correct me if you have contrary information, but I was always under the impression that the McFarlane meeting that's proposed in the PROF notes beginning as early as late February and in PROF notes and memoranda, through March and April, is delayed primarily because the financing for the transaction is not yet put together.

C. Oh, that, that's true. No. I'm sorry if there is some confusion. I was confusing the, uh, the preliminary meeting that didn't come off with--yeah, we kept telling them that we can't, we can't come, we can't do this deal until after the financing for the parts, because, you know, one of the proposals was that they release the hostages and we bring in the parts. And then, well that no--you gotta come in first with the parts, then we'll release the hostages, and then we got down to O.K., well we'll come in with a group and a small percentage of the parts, and then you guys release the hostages, and then we'll bring the rest of the parts in. No, no, you are correct in that, and the delay is that we did not--we couldn't buy the spare parts because we did not get the money into our account until the 16th of May, I think it was. And then we had to take the time, you know, to ship the material to--pre-position the material in Israel.

W. O.K. I'm not going to dwell on this, but where you are losing me on this is that from the notes and memoranda, it seems as though money--the lack of money is holding up the McFarlane trip, and that with money the McFarlane trip could have happened as early as sometime in April. If your advance trip was too dangerous to be held, what was it that would have made the McFarlane trip safer?

C. That's a good question. I think that the problem was, is that--I, I honestly can't answer you. Because all I know is the preliminary trip was cancelled, but the McFarlane trip was approved on the basis that we thought we had reasonable enough assurances by [redacted] and Ghorbanifar. Now the money, of course the hold-up on the money was, we needed the money before we could buy the spares, and we had to have the spares pre-positioned in Israel before we could go in. I can't really clear up--I honestly don't know why the decision was made to scratch the preliminary mission. I thought--in hindsight, it would have been better had we gone.

W. Let me just ask one more question on this. Or two more questions. The decision to scratch the advance meeting was made to your recollection, when, and by whom?

C. I know that by the end of April it had gone--cause--you know, if you'll see, there is--we'd even had a date for going, Ollie and I, somewhere around the 17th of April, something like that. We were going to go in. And we within about 48 hours of going when it was scratched. So it was sometime, I'd say around the third week of April.

W. Now let me put some information in front of you. Or before I get to that, who was it who scratched it?

C. I don't know.

W. It was not North himself, I gather?

C. No. Cause North wanted to go. I thought it had to be someone in the White--you know, Admiral Poindexter, or someone in the White House.

W. In late April, I think you are probably aware now from the Tower Report if you weren't aware at the time, Ghorbanifar and Nir and Khashoggi, who were in search of financing, approached Tiny Rowlands in England--

C. We were aware of that at the time.

W. --as a result of that approach they, Rowlands, went to the British Embassy and said I--

C. The American Embassy.

W. --excuse me, to the American Embassy, and said, is this an American operation? If so, he was interested in it. Otherwise, he was not interested in it. That information, according to the Tower Report and PROF notes that we have, was

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transmitted to George Shultz by Ambassador Price. Shultz was at a summit meeting in Japan with Poindexter and the entire Presidential entourage. Shultz confronted Poindexter, who denied to his face that the U.S. was affiliated with that initiative. Now my question to you is, do you know whether, since Poindexter had denied that this initiative was an American initiative to the face of Secretary Shultz, your advance meeting was killed in order to limit any possibility that Americans might go to Tehran and Poindexter might be proved wrong?

C. No, I can't answer that. I don't know. I honestly don't know.

T. Jack Taylor back. I sounded like a sportscaster, right? [redacted]

T. How close at that stage were you to going to Tehran?

C. Well, we hadn't even had the meeting. This was the third of May, right?

T. This would have been. Right. [redacted]

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[redacted]

C. There was a disconnect between--the only way I can explain that is a disconnect between Ollie and Nir and Ghorbanifar. Because, as I told you by that time, the idea of us going on a preliminary meeting was--

T. Entirely scotched.

C. --entirely scotched.

T. All right. Then I take it another trip to Frankfurt was replaced by a trip to London in early May to where you actually met with Ghorbanifar, but not with [redacted]

C. That's correct. We met with Ghorbanifar and Nir.

T. O.K. And that would have sort of been a pre-advance, I guess, or the closest thing you can get to a pre-advance.

C. That was when we finalized the deal, and he was rushing around trying to get money. They were trying to get money transferred into Nir's account.

T. O.K. I'm going to stop here.

[END OF SIDE SIX]

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TAPE SEVEN -- TCW/sj

T: The House Permanent Select Committee on Intelligence has asked me to uh, uh, provide three questions to Mr. Cave, which I'll try and do my best at. The first question [laughter]. The first question deals with the DDI Analysis of the Iran factionalism that was analyzed by those people during the time of the initiative. And I think the first indication that they would be dealing with is Mr. Fuller's Memorandum. Which was, what, about June 1985?

?: Yes, it might even have been May of 1985.

T: May 1985. And then later on about 6 or 8 months, I believe another, um, memorandum was prepared by uh, DDI again. It was approved, which took a different swing or a different stance altogether on the factionalism in Iran.

C: I knew about ________ but I don't think I knew about the second one.

T: Okay, you've discussed this somewhat today already, about the moderate versus the radicals and the line 1,2,3 and your own perception of that. Did you agree with the analysis as provided by DDI as to these factions?

C: This is the analysis that was prepared in the fall of 1985?

T: Yes.

C: Uh. . . I never saw -- believe it or not, I never saw that analysis. I don't think I knew.

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T: Did you, there was a later, one later, prepared though, I believe, again discussing line 1,2,3 and uh. . .

C: I would have a hard time now, you know, this far down the road. I didn't pay much attention to a lot of the analysis of Iranian internal politics that was going on by the DDI back in those days.

T: Okay.

C: So, I can't honestly give you an opinion of what I thought then, I don't even think I read the damn thing.

T: Okay, let me try this. This is very specific, I think I do recall something that might be of help here. It was mentioned to me that Mr. Gates had indicated that intelligence that was being brought out regarding the factions was fairly accurate and good intelligence and was conveyed to NSC and other recipients or users of that intelligence. Uh, that was explained to me. Would you agree with that, at this point?

C: Well, good is a relative term. You know, it could have been a lot better. We were getting some pretty good information [redacted] yes.

T: Okay. So, you would agree at that time. At that time, you would have agreed that it was fairly good intelligence?

C: Yeah, we knew that, we knew that there were fairly well definable factions within the senior level of the government.

T: Okay, if I haven't asked those questions correctly, I'll hear about it later but that's about the only thing I have along that line unless you have some yourself. Okay, the second

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line of questioning deals with the uh, relationship between North, McFarlane, and Poindexter. I guess the best way to describe this would be a chain of command relationship. I'd like to hear your point of view regarding how North used the chain of command to your knowledge. Did he abide by it or did he completely ignore it in some instances, and let me give you an example. [redacted] has described North as sidestepping his direct supervisor, Mr. Poindexter, on occasion when perhaps things did not agree with North as far as directions coming from his supervisor he often went to DCI Casey with what he thought should be the game plan. Uh, do you have any background or information on this?

C: Yes. First, let me say this, North was religious in reporting everything back to Casey, uh not Casey but Poindexter, excuse me. You have all the PROF notes. He was religious about it. In fact, it used to irk me because I'd get hungry about 9 o'clock at night and he's sitting there with that damn KL-43 poking out messages to send back to Poindexter. He religiously reported everything that he did. Now, on -- there are certain junctures during this initiative where Poindexter would disagree or have doubts about whether they would go ahead. And, on at least two occasions North called me and asked me to meet with Director Casey and ask him to weigh-in with Admiral Poindexter or on one occasion, I think it was with Don Regan -- to get the thing moving again. Because Poindexter had doubts about the wisdom of proceeding with a couple of times, particularly I think

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it was one of the times when Jenco was released, we'd go in and send in the rest of the HAWK spares.

T: Okay, another example of that and you may have answered my second question already. C/NS [redacted] again, indicated uh, that after the February TOW shipments um, Poindexter did indicate that he wanted to pull out, I think that's been pointed by several people including C/NS [redacted] Um, and he uses this instance as an example of when North went to Casey for support to continue the initiative rather than pull out. Are you familiar with that particular one?

C: I am not familiar with that particular one. I was talking about two things that happened later on.

T: Okay. That would have been very early in your uh. . .

C: Because that would have been before. Because, in other words for us to continue and make the March meeting, it would have had to been okayed in the White House by Poindexter.

T: Alright. Did you have any questions along that line?

W: This is Tim Woodcock again. Mr. Cave, you said that you recalled a couple of incidents where North enlisted your assistance to bring the weight of the DCI to bear on Admiral Poindexter. Do you recall specifically what those two incidents were? What was the issue?

C: The one was when Father Jenco's release is um -- should we or should we not send in the rest of the HAWK spares that were in Israel. I know he specifically called me on that to ask Casey to weigh-in, talk to Casey about it, and see if I could get Casey

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to weigh-in uh, with Admiral Poindexter that we should go ahead with the shipment of the HAWK spares. Which I didn't cause I thought we shouldn't do it anyway. And there was another occasion, I'm trying to, it had to do with, it had to do with when things surfaced in the press. And uh, I can't remember exactly what the issue was now, but I know it was right about that time he called me and asked me to get Casey to weigh-in with Don Regan, but I can't remember the specific issue. I remember him calling me though. It had something to do. It was after the thing, right after the surfaced, and I think it had something to do with the, oh, uh, November meeting. And I can't remember exactly what it was -- it slipped my mind. But, I know he called me and asked me to call Don Regan. I don't know whether it was his attending it or what. It was something to do with whether we should go ahead with the meeting at the beginning of November or not because I know I went and talked to Casey about it. I can't remember exactly what, but it had to do with the holding of the meeting at the beginning of November.

W: Thank you.

T: Those are only questions I believe I have, if you want to switch.

W: Mr. Cave, I'm going to bring you back again to the subject of uh [redacted] and his visit to the United States in July of 1986. You attended, I think, meetings on consecutive days with Albert Hakim and [redacted] You produced memoranda of those meetings and I'm going to show you uh, two exhibits, one has been marked as 1A and one has been marked as 2A and ask you if those are the memoranda that you produced?

C: Yeap. Altogether in my incorrect typing.

W: Your typing is your trademark. Your memoranda stand out because -- I think it's the machine at home. Is that correct?

C: That's correct.

W: First, Mr. Cave, uh, during this period of time, the summer of 1986, I believe, that you told me from an earlier interview, that Mr. Hakim had suggested that you have business cards printed out presenting you as an employee of STTGI.

C: That was to explain my presence to the other people out at his office.

W: That is, his own employees?

C: Yeah, his own employees. Like, I was introduced to his, the secretary out there as Sam O'Neil who is going to be working with him. And, the cards were printed to cover that.

W: Now, uh, when you met with [redacted] I think you told me he recognized you [redacted] Is that correct?

C: That's correct.

W: Do you know whether, or let me put the question differently, did you make plain to him that you were working for the United States?

C: Yes, I did.

W: What did you tell him your capacity was with the United States?

C: Uh, I forget the exact words I used. I tried to keep it as vague as possible because he knew what my association was and I just let him go along with the assumption I was still with the same people.

W: So, for all you know, his assumption would have been that you were still with the CIA. Is that correct?

C: That's correct.

W: Now, uh, in the uh, the second memorandum, that is the second in time, exhibit 2A, there is some discussion about Albert Hakim pursuing various commercial interest in Iran with [redacted]. Do you recall those conversations?

C: Vaguely.

W: Let me ask you to look at exhibit 2A, and in particularly if you would, to direct your attention to the paragraph numbered 3.

C: Okay, now I remember. Yes.

W: Now, uh, in that paragraph is there is a statement attributed to Albert Hakim that he is, basically that he is going to proceed to open these commercial avenues to Iran regardless of what "we" do. What was he referring to there?

C: This was uh, he had two different things in mind. One, was to get some commercial business to cover his activities. And what he wanted to do was sell medicinals, uh, because he had learned from [redacted] that the Iranians were buying all of them in Belgium, and he was certain he could get it cheaper and get better stuff for them. The other thing is he had in the back of his mind, is that he wanted all of the employees of his previous company, the engineers and the technicians were still in Iran, and he had hopes of reestablishing that company.

W: And, when it reads that he's going to do this regardless of what "we" do, is that a reference to the United States and its initiative towards Iran?

C: That's a reference to our initiative. That he'll do whatever he can to help us with it, but he's going to pursue his commercial interests also.

W: In the first memorandum, the first in time, July 10, again in paragraph 3 there's a reference to, and I'll quote it "Sam and Abe told [redacted] (which is your letter designation for [redacted]) that there was an interest on the part of the United States Government (USG) in trying to use trade to gradually to re-establish relations with Iran. Sam and Abe planned to capitalize on the trade part using contacts in the USG with whom they will coordinate their actions. Now, let me ask you based on that statement, did you have any plans to participate in any commercial activity?

C: That's just what we told him, that was part of the thing. No, I have no desire to get involved in commercial activities with Iran. Then or now. That was part of the cover story for what we were doing. And also it fitted in, because Abe was going to get in, not Abe, but you know, Albert Hakim. Uh, I went along with this as if I was part of it.

W: But I thought [redacted] understood that you were with the

CIA. How does that fit in?

C: He did, but I also told him that I had retired and still had my contacts.

W: I gather. Do you know whether [redacted] would have known your name [redacted]?

C: Yes, he would've.

W: So, you wouldn't have given him a business card with a pseudonym on it, is that correct?

C: I did not. No. I never gave anyone any of those business cards, except you.

W: And I treasure it.

C: I don't know where the rest of them are. He printed up a couple hundred of them and I don't know where they are to this day.

W: Well, after this is over they will be sought after collectors items, I'm certain.

C: I doubt it.

W: In September of 1986, uh, North proposed a, in a memorandum to Poindexter the sequential release of the hostages, you did that via your September 2, 1986 memorandum to Poindexter after he passed the memorandum in he, uh, sent a PROF note to Robert McFarlane stating that "we still have no response from JMP re: proceeding with the sequential release proposal outlined to you sometime back. Have now undertaken to have Casey raise the same with the JMP tomorrow, after weekly meeting. The things one must do to get action." Do you recall being enlisted to bring the sequential release to Casey's attention so that Casey would bring it to Poindexter's attention in early September?

C: I think that North did that directly in a meeting with Casey.

W: Were you aware of that at the time.

C: Yeah, I was aware of the sequence. By that time we had concluded that the only way to go about it was the sequential release.

W: North's notebooks also show that on September 4, he's got an entry it says "go-no go on sequential deliveries" that 's under a meeting with Poindexter and then the entry also mentions the need to talk to Joshua, which I believe was North's code name for President Reagan. Do you recall the sequential delivery issue being brought to Poindexter and then that it was to be brought to President Reagan?

C: I think so. I can't. I can't be specific about time, but I know this was one of the things that was to go to the President for his approval. You know, North would tell me, you know that he's discussed several of these things with the President and got approval but, you know, I only had it on, his word.

W: Let me shift gears slightly and show you what has been marked as exhibit number 4A. This is a two-page type-written manuscript and it is headlined "Notes on DISSEM concerning Iran's views that it cannot win a war with Iraq. Their need for an "honorable peace," and their fear that the upcoming offensive may not be successful. If you take a minute Mr. Cave and examine that I'm going to ask you if you can identify them.

C: Yeah. I wrote this. I'm trying to re. . . There's no date on this is there?

W: That's the next question.

C: We had decided, at some point, I forget exactly when it was but we had to start getting some of the information that had been generated by this operation into the system. Like, we finally got, we got North's agreement on it.

W: Now, what, what system are we talking about?

C: The Dissemination System, in other words, the regular intelligence dissemination system.

W: So, it would become available to the intelligence community as needed?

C: That's correct. Uh. . .both LINE [redacted] and I were pretty insistent on this as was, oh incidentally Dewey Clarridge and Charlie Allen. And, uh, I think I wrote this sometime, it was either, I honestly can't, sometime right before the meeting in Frankfurt or right after the meeting in Frankfurt. I tend to think it was immediately after the meeting in Frankfurt, um because of some of the things that are mentioned in here.

W: And the purpose of this was to summarize it and to place it into the intelligence community?

C: That's correct. I did this for the report section, that was going to be preparing the reports, just to give them some guidelines on what to emphasize in a dissemination.

W: Now, uh, this uh, contains some discussion of a, of an Iranian, well at least the Iranians consideration of a possible offensive against Iraq. Is that right?

C: Yes.

W: When did they launch that, do you recall?

C: This was the last, the last major offensive which failed to capture Batzfa in the -- what was it-- oh uh, in November, I think it was, I think it was November 1986.

W: And the...

C: It was Al Fahg something or another. They had several numbers for them. But this was the last major offensive that they launched.

W: The references to artillery here, were to be in support of that offensive. Is that right?

C: That's correct.

W: Now, there came a point in a the negotiations with the Iranians where, uh, the uh, a relative [redacted] produced a list which included on it artillery, among other things

C: That was in September. That was in Washington in September.

W: And, I believe that there too, he was asking for artillery. Is that correct?

C: That's correct. They had a severe shortage of 105 pieces, 105 ~~Hallister~~ howitzer pieces and 155 ~~Hallister~~ howitzer pieces plus barrels for both plus 175 millimeter rap ammunition.

W: Why don't you spell out the acronym for the record?

C: The 175 millimeter ammunition is based plate or rocket assisted projectile.

W: Mr. Cave, let me uh, let me direct your attention to what I've marked as exhibit 7A. This is a page from Lt. Col. North's notebook. It's dated September 8, 1986, and the first entry reads uh, 1350, which would be 1:50, I believe, in the afternoon. Call from Sam, "Australian call, desperate, rabid for parts" (and then there's a word I can't read) uh, and then "date", and then going down another line, "Going see Casey, now.

C: The date on this.

W: The date is September 8.

C: Call from Sam -- on 8 September? The only thing I can think of is there were a number of the parts that were damaged in the shipment. And, [redacted] was insistent on getting replacements for them by us taking the wrecked ones and getting them -- that's the only thing I can think of. I do not know what he means by the note "Going to see Casey now." I can't recall what it was I was seeing him about, I certainly wasn't seeing him about that.

W: There also was an entry here, further down, uh 15:00 hours or 3 o'clock in the afternoon. "Call from Charlie. Casey to call JMP, meaning Poindexter, Gates supportive, [redacted] calls to George, four times Saturday, two times today." Do you recall uh what that was all about?

C: We had a problem with, oh uh, by this time we knew that the second channel was coming uh, the only thing I can think of is you know, uh, the um, [redacted] was trying to find out what was going on. He kept asking me uh, about, were we going to follow-up on the Brussels thing. I kept saying, well, you know, I kept putting him off to anything wrong, etc. etc. And, never, never conceding anything to him, you know, the thing on the parts has to do with the 67 things that were bad that he was demanding that we replaced. Uh, the only thing that I can think of on this is that we may have discussed the methodology involved in bringing young men to the States at this meeting. And, it was. Of course we got the, we had to get [redacted] to help us cause they were coming out, I think it was on the 13th of September, and were to be met [redacted] That may be what the meeting with Casey is about.

W: I think that...

C: To get approval for the whole thing, uh, uh, and to go ahead with it.

W: There was some consideration I think at one point, of the CIA providing [redacted]

C: Yeah, there was a lot of things that were discussed. But what we, what we did was, to get our security people to make arrangements out at Dulles Airport to get them in quietly. And, oh, on setting up, we had the, we just had the visas issued. Yeah, that's what that was from. Now, I recall, we had to discuss all the where-with-alls and get Casey to convince Poindexter it would all work, as far as I recall.

W: Now, this, this happens to be, I want to put this in time for you, one day before, the very day before Poindexter met with President Reagan and put the second channel on the agenda and uh, and uh, discussed sequential release of hostages. Does that add anything to your insight?

C: I can't remember all the details now. But, I know there was a lot of discussion that if we go ahead with the channel, we will have to go ahead with the sequential release idea. And, I remember there were some discussions with Casey, and the basic thing is we've come this far, we might as well go ahead with it.

W: What was Casey's reaction to the sequential release notion?

C: Uh, none of us really liked it, but we came to, we sort of concluded that it was not much of an alternative. That's about the only way we could approach it.

W: Mr. Cave, I'm going to show you what's been marked as exhibit 8A and ask you take a moment and read it through.

[PAUSE]

C: Okay.

W: You've had a chance to read this through?

C: Yes.

W: This is, I'll identify it for the record, a 10 September 1986 memorandum to Director of Central Intelligence from Charles Allen and it recounts a conversation that Mr. Allen had the preceding day with Lt. Colonel North, uh, were you aware of this conversation at the time?

C: I think so, I must have been.

W: Let me direct your attention to uh, paragraph 2 and the uh, and the third insert

[END OF TAPE SEVEN]

Where is Tape 8??

TAPE NINE

W: Opportunity to review exhibit 8A and I was about to direct your attention to paragraph 2 and the third paragraph down and I'll read it to you. It uh, says "Ghorbanifar will be cut out as the intermediary in future shipments of cargo to Iran if at all possible. To cut Ghorbanifar out, Ollie will have to raise a minimum of four million dollars." Uh, do you recall, in this period of time, speaking to Charles Allen about that statement.

C: I don't recall that. There was a, during this period, this is immediately before the meeting with the second channel, there was a lot of talk about Ghorbanifar-- How you get him out and still of the operation and still preserve the secrecy in the operation. And, uh, I don't recall a specific price tag being put on it, but I knew, you know, we all knew that it was going to cost~~s~~ quite a bit of money. You know to bribe him out of there. As it happens, when we had the first meeting, one of the things that [redacted] suggested was that they can continue to throw some arms business his way in an attempt to keep him quiet.

W: This a, this a memorandum...

C: The specific sum of four million, I don't recall that. I recall the discussions about, you know, how you get Ghorbanifar out of it and everyone saying well, it's going to cost quite a bit of money.

W: Ghorbanifar was still crying that he had been financially wounded too, as a result of the HAWKs spare deal, correct?

C: That's true.

W: There really are two immediate questions that suggest themselves in light of this entry. One is, why does Ollie, as he uses the name, why does Ollie North have to come up with four million dollars? And, the second question is "Where is Ollie North going to come up with four million dollars?

C: I would ask the same questions. [laughter] That's a, that's a, I wonder if Charlie really meant...I uh...I can't remember any. I think that what he means, Ollie's not, but Ollie as the head of this thing is going to have to find, somewhere, somehow, you know, four million bucks, to pay off this guy. But, uh, I mean, there was a lot of talk about how you get rid of him but no, to the best of my knowledge, no steps were ever taken.

W: I ask...

C: The claim was. Excuse me. Ghorbanifar's claim, its a lot of, in the finances there's a lot of confusion. His claim was. Let me first go back. [redacted] told me that they paid for the first shipment of those spares, four million dollars. That first Maule. And then they later, on the 27th of August, he told me they had just deposited, and he says it was interesting Ghorbanifar demanded cash -- eight million dollars -- cash, in his account. And, that they had agreed with him that all their accounts were square. Somewhere, I don't know where it came from. I think it came from Nir, who subsequently, when I asked him about it said, "no" that Ghorbanifar also got a 6 million dollar payment from them. Which would fit in with that letter that he asked for 18 million.

W: That fits in with his financing with Khashoggi.

C: Okay, yeah. And a, but he told us that only 1 million of the 4 million dollars he got at the end of June, sometime in June went for the HAWK spares and only 5 million out of the 8 million dollar payment. And then he used that to... and this fits in with the amount that he paid the creditors, cause he only paid them something like 6 million, 1 hundred-thousand dollars.

W: I asked Charles Allen about this memorandum and uh, he added to this observation that on the evening of September 9 when he was speaking with North (and that conversation was the basis of this memorandum) that he asked North where he was going to get the money to pay-off Ghorbanifar and North said to him, "I guess I'm going to have to get it out of the reserves." And Allen told me that he found that to be a devastating statement but he couldn't explain why it was, he didn't put it in his memorandum. My question to you would be -- Do you recall Allen sharing that observation with you in this time frame?

C: I don't recall that. He may well have, I would be the last one denied because Charlie was pretty good about telling me things that were going on. But, I don't, I don't recall a specific conversation with him about it, no.

W: Let me, let me approach the subject a little more generally. In approximately late August, by Mr. Allen's calculations, he had a conversation with Richard Kerr, uh the Deputy Director of Intelligence, in which he shared his concern that perhaps the Americans were responsible for inflating, at least part of the HAWK spare price and that some of the excess was being directed to the Nicaraguan opposition. And he based that on several factors. One, [redacted] another was the involvement of Secord and Hakim, a third was the attempt by the United States to create a false price list, that is a false microfiche to throw the Iranians off the scent of the real microfiche price list that they had uncovered. Uh, do you recall any point at which uh Mr. Allen shared those same misgivings with you before this whole matter became public?

C: He had, well, Charlie had an awful lot of misgivings about what was going on because of the people who were involved in it. Um, I don't recall his ever telling me about his conversation with Dick Kerr, though.

W: How about those suspicions that the Americans were responsible for inflating the price and that there was a possible diversion to the Nicaraguan opposition.

C: I don't recall any specific comment about, not at that time. Later though, yes.

W: Do you recall whether he said anything...

C: I remember that I wasn't in the building, you know, a lot of this stuff would go on and I would not be in there for quite a while. And uh, I would only come in when something came up that I had to do. Uh, so as a result, if one of these things went by and I wasn't there, quite often I would never even see it or be aware of it.

W: Let me direct your attention to something specific and see if, if this incident generated any conversation along those lines. Uh, I think it was on October 22nd you and Charles Allen went and visited with Mr. Roy Furmark. Uh, Furmark had earlier visited with uh, the Director,

C: With Charlie.

W: and with Charlie, and uh, and had on different days, he had visited with the Director, I think on October 7 and again on October 16 and with Charlie on October 16 in a separate meeting. But in any event, when you went up to that meeting, I think in that meeting, Furmark raised the possibility that Ghorbanifar might say that there had been an inflation of price and a uh, and a diversion. Do you recall any discussion with Charlie in the wake of that conversation about Charlie's own independent suspicions along those lines?

C: Charlie and I had been suspicious of what was happening on the pricing and the money and everything for sometime. And, the first time that I remember Charlie saying anything about the possible, possibility of, we it call now, diversion, was after his meetings with Furmark. Uh, when we went up to see Furmark, the memo [redacted] signed by him we both wrote because I was taking off uh for the meeting in Mainz. And, Furmark pretty much laid out the whole thing in that Ghorbanifar had told him the reason for the high price to him, 15 million dollars was, that was charged to him of 15 million dollars because the rest of the profits from it were being diverted to the Contras.

W: Uh, did, did uh, Charles Allen then, later on outside of Furmark's presence, say to you "Gee I suspect the same thing."

C: Well, once I heard that, there was no, he didn't have to. I was certain it was probably true.

W: Both the price inflation and the redirection to the Contras?

C: Yes.

W: You say that you and Charlie Allen had been suspicious for sometime. Let me ask you two questions about that. One, what made you suspicious and two, how did you become aware that Charlie was suspicious.

C: Well we talked about, we could not understand why Ghorbanifar would raise the price so damn much. I mean uh, what threw us off was the 22 April arrest, because Ghorbanifar was arrested by the Swiss police [redacted] Cyrus Hashemi had ratted on him and this why the police oh uh arrested him and this led us to conclude he was involved in that sting operation and probably lost a lot of money. That's probably why he was asking for 15 million dollars from Tiny Rowland to oh uh finance that deal and Khashoggi. So that, well maybe he's trying to get as much as possible to get himself back you know, back in the black. Uh, but, once we heard, you know, once I heard that from Furmark, I was from that day, you know, fully aware, I accepted that. It just fit in too much, I mean, because if you read that carefully how they calculated the pricing and everything, that sounded, that sounded more like what they would do.

W: Let me back you up a little bit. You, initially, you were not suspicious of price inflation from the American side because of Ghorbanifar's arrest in Switzerland and uh, and uh the likely financial trouble that was coming from that.

C: We thought, I tended to think then, after that, that the reason why Ghorbanifar was really inflating the price was to recoup the losses that he had sustained in the sting operation.

W: Okay, now, now after that there came a point, I guess before the Furmark meeting but sometime after the Ghorbanifar arrest that you begin to suspect maybe it wasn't just Ghorbanifar. When did, when did that thought creep into your mind?

C: This part of the problem is that, was uh, and one of the reasons why it was so late in coming, the... we knew that a lot of the things had to be that, that, well we knew that Col. North had to raise the price to cover the expenses of everyone else involved, you know the hiring of flight crews, the extra aircraft, all this, the boat, what have you. We didn't know how much that was, so it was more logical for us to suspect at that point Khashoggi and, and oh uh Ghorbanifar. Now, another thing that threw me off is, is oh uh, when we brought [redacted] to Washington, uh General Secord did it with a, in a private jet that he oh uh, leased. Uh, North told me that "hey look, we don't have any money uh, I'm thinking of charging CIA for the aircraft. Uh, Claire doesn't remember but he brought that up with, in a meeting we had with Claire George." And at the same time, this is when he starting telling me he was very much worried, particularly about Dick Secord because what they were, they were practically bankrupt and Secord was in serious financial straits. He wasn't worried about Albert Hakim.

W: This is North who's worried about Secord?

C: Yes. And he says that Dick is spending his own money on these things. So uh, that threw me off, but once I, everything, so many pieces fit together and Furmark's explanation was pretty crystal clear, was getting uh. Charlie's suspicions became extremely strong after he talked to Furmark.

W: Okay, are you unable to place when it was you became suspicious of the Americans?

C: Well, I was away as you recall, when all these Furmark discussions took place, I was in Europe.

W: Okay, let me stop you right there. Do you date your suspicions before the Furmark discussions?

C: Suspicions of what?

W: Of parts inflation and diversion.

C: Uh, I uh, yeah, before, I was, because I saw Charlie's memo after I got back. The one he wrote on the 14th of October.

W: Alright.

C: And, that, you know I became awful suspicious.

W: I am uh, really what I'm interested in is just placing this in time.

C: Okay, this would be about, I saw the memo on about the 15th of October.

W: Okay, but what I'm trying to, what I'm trying to place in time is your suspicions. Is it, is it the series of Furmark discussions beginning uh, say in earlier October with the Director, I think on October 7, uh, is it this that is causing you to be suspicious or are you suspicious before Furmark appears on the scene?

C: I don't think I was, cause I was thrown off by you know, what North was telling me. Uh, but after I got, all those Furmark meetings occurred while I was away. And once I got through, I think it was the 15th of October or 16th when I saw Charlie's memo and, I was from that point, you know, strongly suspicious that something else was going on beside Ghorbanifar gouging us.

W: Let me uh, uh change topics here for a moment.

C: That's not to say that, you know, there wasn't suspicions that some, but you know we, there was nothing you could point to. Other things seemed more likely than that, up until the earlier fall.

W: In uh, the Teheran meetings there's a, a shoe that has dropped and the second one has failed to drop, uh, and uh, at least the way the notes read. And, let me describe this phenomenon to you. Uh, the uh, one of the Iranians, and I believe it's [redacted] asked the Americans, "What is your view of Iraq, its regime?" There's no response noted in there, uh, the uh status of the regime in Iraq was uh, was an item of great concern to the Iranians. Uh, do you recall that exchange and did the Americans have a response in Teheran on the subject of Iraq and its regime?

C: Is there something preceding that, you know, is , who's memo was that?

W: Let me show it you for the record.

C: I don't think I made any notation of that in my memo.

W: No, this is not your memo.

C: I have to take a, I have to take a quick look at it to see if anything jogs my memory.

W: The uh, citation uh, is a on B104 of the Tower Report, the speaker is the Iranian official, which is [redacted] and uh, I'll show it to you in a moment but, let me read it for the record. "The Iranian official specified Soviet intentions, Afghan issues, Lebanese affairs, Middle East peace, Iran-Iraq war, Khoristan "What is your view about Iraq, its regime?" and then McFarlane gives a general answer.

[PAUSE TO REVIEW MEMO]

C: Okay, yeah, I remember that there was, at that time this wasn't -- that's about the way it happened. McFarlane didn't, and [redacted] completely changed the subject.

W: Did it come up again on the course of the Teheran discussions?

C: Yes. What they, what um, what they insisted upon was that they were prepared uh, to drop all of their demands on Iraq uh except for the one's who were, that one that uh backed the government had to go and, Saddem Hussein had to go. They had made you know, they had made quite a number of demands. They were prepared to drop all those but that they would not negotiate a peace treaty with Saddam Hussein.

W: Did they uh, as they later did in, I think in, uh Germany, did they later or did they try to enlist in Teheran the support of the United States in removing Hussein?

C: No.

W: Not in Teheran?

C: Also that's the enlisting of U.S. support in removing Hussein, is a bit, is a bit overblown.

W: I'm going to give you a chance to talk about that in just a moment. Uh, let me go directly to the uh first meeting in Germany, the one in Frankfurt. Uh, the uh, there were a series of topics that were discussed in a, in Frankfurt, and this I gather would be your second meeting with uh, (uh, let the record reflect that was David Pearline sneezing) [LAUGHTER] Uh, the uh, this would be your second meeting with [redacted] is that correct? Uh, on top of the meeting in Teheran.

C: Uh, that's true, this is the, he did not show up in the September meetings but he did in the Frankfurt meetings.

W: And this is the first time you would have met him in connection with the Second Channel?

C: That's, that's correct.

W: There uh, uh at the Frankfurt meeting uh, there is discussion of the uh list of arms that uh, that uh, [redacted] has brought up in Washington, which was an extensive list of arms including uh, uh several hundred ~~Howister~~ howitzer barrels and um an ambitious wish list to be, to be sure. Uh, those meetings of course were tape recorded and uh in the course of that meeting, uh North said that basically the limitation on them, the American provision of arms was that they uh should not include items that would allow or encourage the Army of the Revolutionary Guards to seize Baghdad. Do you recall that?

C: I think that that was probably one of the delaying tactics oh uh, North used during these discussions. He didn't want to rule out anything at that point in time. But at the same time he didn't want to make a commitment to deliver anything, since we had no capability of delivering them, what they wanted. I, one of the consistent things you'll see, and he made it at this meeting is that there could be no regular resumption of arms sales to Iran until the Peace was signed and hadn't resumed normal relations. In fact, at some point, it was several points uh during that meeting when laughter erupted when we were, about how we would go about resuming normal relations.

W: The uh, the tapes show a discussions of normal relations as being a goal, but they, they don't invariably tie increased weapons shipments to uh, to peace with Iran and Iraq.

C: The uh, what uh, the position that North took is that oh uh, as he referred to it -- a "normal supply system" could not uh, be inaugurated until we had uh, re-established normal relations and until the hostilities had ended.

W: Well that, that is not born out by the tapes, that latter point.

C: It might have been, you know, the tapes don't cover everything. That's one of the problems. North, was pretty, pretty consistent on that, that we, normal relations were uh the sine quo non -- resuming normal arms shipments. And, also uh peace.

W: North uh, let me strike that, Secord in the course of these negotiations in Frankfurt suggested that one indirect way the United States could assists the uh, Iranians on the howitzer ~~Howister~~ barrels was uh to direct Iran to a third country and then just look the other way, was the way he put it. As Iran purchased the howitzer ~~Howister, Howister~~ and the howitzer ~~Hellister~~ barrels uh North had pointed out earlier that the problem with the number of howitzer ~~Howister~~ barrels that were being ordered was in order for Washington to supply them they have to open up a new production line. Do you recall that?

C: I recall that. And I don't know if any action was ever taken on Secord's suggestion. I have no, if it was I know nothing about it.

W: That uh, suggestion of Secord's was not tied to anything in particular?

C: I think he was just, these were, you know, in these long winded discussions I think these were just things that were

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thrown out.

W: North has uh, testified in his public testimony that, that uh, he was consistently lying to the Iranians uh in his statements to them. Was that something that you were aware of?

C: Well I think that what he was doing is, I - I wouldn't put it as lying, I think that he was trying to, to prevent himself from being made, from having to make any categorical statements that we will or we won't do this. While we were, you know the whole purpose of this is to keep the contact going and uh, there were certain things that we could supply them uh, and certain things that we couldn't. But he was somewhat reluctant to give a total negative reply on anything -- he didn't want to, he didn't want to cut off the, the negotiations. Uh, I, I wouldn't say, well, I would say its Middle Eastern negotiation.

W: Well I'm not, I'm not attributing anything to him, other than what he described himself. I mean, his testimony was and I quote it to you: "I lied to the Iranians every time I had the chance." Do you, do you agree with that?

C: Let me, let me put it this way, he told them things uh, he said "yes" or something you know, on and then as far as I know nothing was ever done about it.

W: In the uh course of the negotiation and I'm going to, I'm going now to the subject of Saddam Hussein uh, North stated that uh, that the United States was "seeking a peace" between Iran and Iraq that would be uh effected in such a way that it would uh, as he said: "Becomes evident, becomes very evident to

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everybody that the guy who was causing the problem is Saddam Hussein." Do you, do you recall that?

C: Uh, there was an enormous amount of discussion of Saddam Hussein and Iraq. What, in what, the thrust of it was is that the American side agreed with the Iranian side that there can be no peace as long as Saddam Hussein's in power. We said okay, we accept your contention that you can't make peace as long as Saddam Hussein is in power and then the question is what do you do about it.

W: What, what do you do about it?

C: Well, this is where some of the tapes are a little bit misleading. I, to summarize what was agreed to is that we agreed to make it clear to [redacted] now I don't know if this was done but, this was one of the things that came out in our discussions with 'em.North said, we will make it clear to [redacted] that there can be no peace as long as Saddam Hussein is in power. We'll make that clear to them but, that we have normal relations, diplomatic relations with the Iraqi's and uh, unlike what has appeared in the press, there was no commitment made for us to overthrow Saddam Hussein.

W: That is, the United States by direct military force?

C: Yeah, that's true. There have been, there have been articles in European newspapers that I snuck out of the Hilton Hotel and negotiated to overthrow Saddam Hussein with Rafsanjani but, that's not true either.

W: I thought you were here to confirm that.

[LAUGHTER]

C: No. No, that's where there's a certain, and the tapes are a little bit misleading. What we were agreeing. Okay, we agree with your contention that there can be no peace as long as Saddam Hussein is in power, that's your sine qua non, or whatever it is. And, that what we did agree to, the actions steps we agreed to, to the best of my recollection, was that we would make this position clear to [redacted] And, whether, uh my understanding is that Poindexter and North did take some action on this. Now, what they did I don't know.

W: That they did?

C: Yeah, that they did. Yes.

W: Where does that understanding derive from?

C: Uh, I think that I was told by Ollie one time that, that oh uh Poindexter had talked [redacted] with the Kuwaiti Foreign Minister.

[END OF TAPE NINE]

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TAPE TEN

W: Mr. Cave, we're back on the record now uh, just to put the Hussein matter in context uh, the uh, you've made it clear that the, that what the United States was undertaking to do was not a direct military overthrow of Saddam Hussein. Is that correct?

C: That's correct.

[redacted]

W: Now, was that the, was that the route that was being discussed here. That uh,the United States would approach [redacted] [redacted] that had up to this point been supporting Hussein and uh suggests to them that they no longer support him [redacted]

C: I think that, oh uh, uh, that was not specifically what was intended. I do not know what whoever discussed this, I'm not privy to what was discussed with [redacted] [redacted] on this issue.

W: Excuse me, I was thinking of what was represented to

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Iran first.

C: Oh, oh, what, what was represented to Iran was that we would make it clear to [redacted] that in no way would Iran ever agree to a peace as long as Saddam Hussein was in power, and that uh, we were, we were convinced that this was the Iranian position and uh, basically, what are you guys going to do about it?

W: Uh, in uh, these transcripts, North at one point uh, uh suggests that the United States enter a secret dialogue with uh, [redacted] states currently aiding Iraq. That was the words he used to explain to them that: "The real threat to their stability in the whole region, the real threat is the Soviet puppet in Baghdad." Do you uh, do you know whether he, he or Admiral Poindexter took the step to go to [redacted] and say 'look, this is the way we perceive the real threat to peace in the, in the region'?

C: No, I can't, I can't say for sure, I know that. All I know is, they were going to, they said that they were going to take this up. Now, whether they did, Ollie at one point, as I recall told me that they had had some discussions but, we never got memos of anything that took place and I don't know if any memos exists.

W: None that I know of. Uh, Mr. Cave uh, there came a point, and this is still in the Frankfurt discussions, where uh, where in the course of the subject of Saddam Hussein uh North uh said to the Iranians, and this is the way the tape reads: "Saddam

Hussein is a explative" and uh Hakim asked North if he really wanted him to translate that and North who was attributing the remark to President Reagan, said: "Go ahead, that's his word, not mine." [LAUGHTER] Do you recall that exchange?

C: I remember that, yes.

[redacted]

W: In the uh, again, in the uh Frankfurt negotiations, the subject of the Dawaa prisoners came up. And, on that subject uh, the uh, uh, fellow whom Hakim called the `Engine' uh [redacted] asked, basically asked the Americans for guidance, to show him the way on a, on uh, improving relations and North then brought up the subject of arms and assisting in the uh, in the uh situation of the Dawaa prisoners. Much later in the discussion North said, uh, that although the United States had told the Government of Kuwait that the Dawaa prisoners were their business that the U.S. would neither criticize Kuwait [redacted] should Kuwait release them, and that the U.S. had recently conveyed this position to Kuwait. Do you recall that discussion?

C: Yes I do. What, what he said was is that, in essence, is that we have told the Kuwaiti's that if these people are, these Dawaa prisoners are released by Kuwait, [redacted]

W: Nor would the U.S. criticize them for having released them?

C: That's correct.

W: Is that consistent with your recollection of...?

C: That is consistent with my recollection.

W: And he also advised the Iranians that he believed that the Kuwaiti's would be receptive to releasing the Dawaa if they could get a guarantee against terrorism. Is that also consistent with your recollection?

C: Uh, not so, well, not entirely. What, what he said is, is that certain of the prisoners uh, with lesser terms uh, the Kuwaiti's may be, may be willing to release with suitable guarantees uh, on some religious occasion -- something like that. But, not, not a whole set, not all of them.

W: Isn't it the Lebanese ~~[illegible]~~ Shi'ite Members of the Dawaa who are under the heaviest sentences?

C: Oh yeah, there's three uh, three, like we made it quite clear to them that the three guys who are convicted, that have been sentenced to death are never going to get out.

W: You made that clear to the Iranians?

C: Yes.

W: So, what we were, what were we talking about in terms of the Dawaa here. Who's getting out?

C: Five guys. They're due to get out this year, I think.

W: And they are not Lebanese. Is that correct?

C: Some of them. I've never gotten a break down. There,

there are three different categories of sentences. There are three guys that are sentenced to death. They are Lebanese. Two of them, I think. Two out of the three and, then there are nine others that have oh uh, lesser, have pretty heavy sentences, and then there are five that have, I think, just four years. So, when would talk, what we committed to do was one of the things that the Iranians were worried about is that these, the Kuwaiti's would not release the five when their sentence was up.

W: They, they wanted them to. Was that correct?

C: Yeah, and oh uh, North made the commitment to intercede with the Kuwaiti's to make, to find out if these guys would be released when their sentence was up. So, when, when you're talking about the Dawaa prisoners you're basically talking about those five plus uh, others who had longer sentences but not real long sentences, maybe the Kuwaiti's would oh uh, at some suitable occasion oh uh, uh, release a couple of them.

W: Can you explain to me why it is that nowhere in any of the tapes does that distinction appear?

C: I don't know because I - I, if you look at some of my notes uh, particularly in Te, you know in Teheran, North is respond, the initial response that by both North and McFarlane is we'll, we'll, we're willing to take certain actions but, we won't interfere with legal, due legal process in Kuwait.

W: Right. I- I'm really limiting that question to the, to the Frankfurt and Mainz discussions.

C: But if you look at my oh uh, my reco, I don't know if I put anything in my notes about it but, I am convinced that what we were talking about was the five guys who were due to get out, I think it's this year and maybe one or two of the others. But, we had made it quite clear I recall this specifically, that hey, forget about the three guys that are sentenced to death.

W: The uh, nine point plan that Albert Hakim ended up negotiating at the end of the Frankfurt uh, meetings, that specifically contains the number 17 for the plan to release the Dawaa prisoners. Uh, there is, there is uh, uh a modification of that in the uh PROF note that I showed you earlier where it refers to some Dawaa but it's an undetermined number of Dawaa prisoners who are going to be released. Uh, again, the tapes of both Frankfurt and Mainz show no discussion distinguishing between prisoners with varying prison sentences and there's no point at which the United States delegation in terms of the Iranians, at least on tape, and says to them -- the three who are sentenced to death are not coming out no matter what.

C: I remember that specifically, North saying it. I can't remember. I think it was said first here in Washington and then reinforced at the initial meeting in, in Frankfurt.

W: Well, it was, what was said in Washington was uh, that uh, North said that he would not interfere with the processes of uh, of uh, Kuwait. But, in Frankfurt that same sentiment did not come across, and there was, there was no distinguishing uh, points that you're referring to on sentences did not come through at all. And, there was no specific reference to any Dawaa prisoners under death sentence.

C: I'm certain that - that was, it might not be in the tapes or anything, but, I'm certain that - that came up. That we just couldn't do anything about, nothing can be done about the three that were sentenced to death.

W: Well, how was it that Albert Hakim then negotiated a plan that included all 17?

C: Well, I think that if you want to though, but the final fruit of this so-called plan that oh Copp and I were supposed to devise for the, for the Dawaa 17 comes up in the meeting we have with [redacted] in Geneva in which we basically, if you look very carefully at my minutes, we've, we are haggling with him all day on this saying that we can't do anything more, we can't make any guarantees with you, and the only way you're going to ever get anywhere with the Kuwaiti's is by going down there yourself and talking to them. And they finally agreed to that.

W: Okay. Okay, but I don't want to, I don't want to go to November yet.

C: Okay.

W: I'm uh, I'm uh speaking really of Frankfurt uh, in Frankfurt that distinction just isn't there.

C: I'm certain the distinction was made.

W: Now you, you read those tapes before you came down here.

C: Yes I did, and I- I think that one of the unfortunate. I'm positive that the distinction was made in Frankfurt between the different categories of prisoners.

P: Was it possible that the uh, uh, the conversation uh-uh could have occurred but not been recorded?

C: A lot was missed, a lot was missed on the recording.

[Okay, that was David Pearline who was uh, assisting there. Laughter]

C: There was incidentally a lot missed. There was a lot missed on the, on the tapes.

W: The, the tapes read as though uh, much was missed. The thing that I find uh, disturbing is that although, the - the tapes also caught quite a bit and that uh, there's just no where in what they caught, any reference whatsoever, to any United States differentiation between the prisoners on the basis of sentences and no Shermanesque statement out of North saying "there ain't no way on the three that have been sentenced to death."

C: If uh, it's of any help I shared your view when I read it because I know that uh, the word distinctions made in categories of prisoners. Uh.

W: And you're pretty sure that was in Frankfurt?

C: Yes. I'm certain. I mean, we talked about distinctions between the prisoners, we also talked about them as a group, but, I'm certain that when we were talking about what we, anything that could be done, we were talking about the people who were the lesser terms.

W: Do you recall uh, uh the Seven Point Plan that North came to Te, to uh Frankfurt with?

C: This was the Seven Point Plan that was written in Teheran?

W: The same.

C: Yeah.

W: It reads.

C: The Nine Point Plan of Hakim's is sort of a modification of the original Seven Point Plan.

W: Well, it's - it's more than sort of.

C: Okay, it's - it's a modification of the Seven Point Plan.

W: The Seven Point Plan that uh, that North brought with him uh, for example, did not contain any provision for sequential release of hostages. Uh.

C: That's true. Because it's the same as the way we, the way we wrote it up in Teheran.

W: There is a, it has some additional factors in it, for example, the release of John Patus, who had been a prisoner at the time the Teheran meeting occurred and also the Buckley debrief is included uh, which you didn't know of at that time. In that uh, we have a copy of the, the North handwritten notes, uh, that is cut off on the bottom, the last line is eliminated but it refers to uh, the 7th step, the U.S. will then identify sources for other items on the list, the bottom part of the, of the sentence is incomplete. Uh, I have by reading the October 10 PROF note concluded that - that probably is a reference to the list of arms that the relative brought to Washington with him. Do you recall the seven points well enough to, to express an opinion on that?

C: I'd have to look at them.

W: Okay, let me hold off just a minute here, and I'll pull that out of my file. I'm going to go off the record for a moment.

[PAUSE]

W: Mr. Cave, I'm showing you what has been marked as exhibit 15A. Would you take a moment and read it please?

[PAUSE]

C: Yeah, that's what that referred -- What was the date on this?

W: There is no date on it.

C: This was, based, this was not the original Seven Points in Teheran.

W: Right.

C: These, these are what we did at the September meeting.

W: With uh, [redacted]

C: That's right. And, you're correct we will _____ was what he was referring to, the other row of items on the list.

W: Now, Albert Hakim uh, in his deposition, identified this list as a list that was left with him as basically a negotiating guideline for uh, in Frankfurt when he was left to negotiate with the Iranians himself and he identified this inscription at the top as being the handwriting of General Secord uh, and I think that's where some of the uh language comes from on uh the U.S. position with respect to Saddam Hussein.

[redacted]

W: And you're referring now to the uh, Secord uh entry on the top of 15A which reads: "We understand S. Hussein must go... Believe we can help after obstacles go," which is a reference to the hostages, I would assume. [redacted]

C: What -- what's really misleading in the tapes is it appears almost as if there's a commitment that we're going to march in and drag Saddam Hussein out of the Presidential Palace and put something, someone else in, and that's not the case.

W: [redacted]

C:

W: Now, the tapes show, and I think the uh, uh, the recent uh tape transmissions...

C: I have a confession to make. I didn't want to tape those meetings,[LAUGHTER] I've always found that tapes are very bad uh, because you never get everything and uh, they're also subject to interpretation. Also, when you're taping meetings like this, there's so much that's said that is later countermanded uh that, it becomes very confusing.

W: Duly noted. In the uh, tapes that we have of Frankfurt uh, there comes a point where North uh, departs the meeting and uh, what he says is, "why don't you guys hold this discussion after I'm gone" and then he refers to the Seven Point uh document and I think he's referring to uh what has been marked as Exhibit 15A.

C: I think I left off though. I left that meeting also, at the same time North did.

W: That was the question I was going to ask you. What happened to you at that point?

C: I had an irate wife sitting in a hotel. [LAUGHTER] So, I - no I left because I had uh, I had made, already made arrangements to go with my wife, to go see my German grandchildren or our German grandchildren, so I left at about the same time North did. And, Hakim brought the rough copy of the Nine Points at the airport the next morning.

W: Alright, now I want to show you what uh, I have marked here as. Hold on, I'm going to go off the record for a moment. Back on the record. I'm going to show you what's been marked as uh, Exhibit 16A and 17A. 16A is a translation by Albert Hakim of the Farsi original of the Nine Points two-page document and the second document is 17A, a uh, document with the CIA logo on it dated uh 8 October 1986, evening until midnight. Mr. Cave if you'd take a moment and review those two documents.

[PAUSE]

C: This, okay this is, this one

W: This is 17A. Is that correct? When you say this.

C: Yeah, 17A, this is the one that Albert delivered to me at the airport on the way out. Cause I immediately questioned him on what did he mean by one and one-half American hostages. Which half?

W: Was that his own English rendition of it?

C: Uh, yeah. Wait, uh no. I don't know whether I - I can't remember whether I translated this. I remember him giving me the Farsi too, and I don't know whether I translated this or, or what.

W: Did you uh -- When this whole initiative became publicly exposed did you, were you able to locate a Farsi version of this Nine Point Plan in your files?

C: I thought I passed one to you.

W: We don't have one, but uh -- Do you recall having one?

C: Yeah, he gave me one.

W: Hakim did?

C: Hakim did. Uh, but someone's got it. It might be that the SSCI has it for all I know.

W: But your recollection is that you have it?

C: There is one. Yeah, I had one at one time, I know. But what I did with it, is beyond me. But this is, yeah, this is the first draft as I note down here they're available at the NSC subsequent refinements because...

W: Is that your handwriting?

C: That's my handwriting. Albert, when he told me, he said there was a couple other things that might be changed based on uh, conversation he was going to have with them.

W: With whom?

C: With oh uh, uh - uh, [redacted] after I left.

W: And uh, just for the record, the reference to your handwriting is on 17A at the bottom of the page. Is that correct?

C: That's correct. I - I honestly can't recall whether this, I, whether he gave me the English of this and, I know he gave me the Parsi. I don't know whether I trans.. I can't remember whether I translated that or what.

W: Now this plan clearly calls for the 17 prisoners held in Kuwait?

C: This one is the -- yes, that's true um, but um, is there a plan for a release of the 17 persons. The only thing I can tell you is that was in talking to the Iranians they agreed, they agreed to this wording because if you go forward in history to the November meeting, we told them we had done everything we could and everything else was up to them.

W: Now, you're uh...

C: But, during the discussions I'm absolutely certain that the three guys condemned to death, it was made clear that nothing could be done about them and that the hope was for the five guys with the lesser sentences and some of the others who had varying sentences.

W: Why is there any doubt that the people who have already received determinant sentences aren't going to be let go in, at the end of their period of time?

C: Uh, the Hizballah in Lebanon was concerned that the Kuwaitis would continue to hold them as hostages against any future acts of terrorism.

W: All of them?

C: All of them, not release them when their term was up.

[redacted]

W: I'm going to show you again the uh, PROF note dated 10/10/86, uh there the uh Nine Points have been reduced to Seven

Points and uh, there's uh, there's a reference here, an entry here that says: [redacted] gave Dick a proposal closer in line to my original Seven Points and asked Dick if there was any way he could get us to meet before November 3." Who's [redacted]

C: [redacted]

W: Take - take a look at the uh, uh first paragraph of uh, unnumbered paragraph of this PROF note.

[PAUSE]

C: Oh, that's oh uh, that has to be uh, [redacted]

W: Is that uh, another pseudonym for him?

C: Yeah, I don't understand it -- why he's using it. Because, you know [redacted] See in here this is -- you see -- to release some of the Dawaa.

W: Right, I noted that earlier. Now, how were these modifications made uh, Mr. Cave uh, Albert Hakim has negotiated a Nine Point Plan with the Iranians uh, that plan is transmitted, it's dated October 8 on the English translation that we marked as uh, I think uh, 17A. This is two days later, the Iranians presumably have departed from the scene and this looks like a different proposal -- it's been changed in some way. Now, how was that accomplished? Do you know?

C: If you noticed in the bottom of mine, I said that the final, this is just a draft version, and the final version will only be available at the NSC. Uh.

W: When you say that... well who's doing the negotiating? What's -- How does this agreed upon?

C: I uh, all of the negotiation from this point was carried on by uh, Hakim and Secord. I was out of it. I -- Ollie and I left the meeting at the same time. They did all this negotiating. These, this, these two proposals were done by, negotiated by them. Now, I don't know how they, I honestly don't know how they got from this, to this...

W: From this, you mean 17A to...

C: This, I think, to this, to this, to this...

W: Okay, wait a minute, we're going to have to, I'm going to have to do this for the record. When you say from this, to this, to this, you're talking, you're referring first to 17A, then to 16A, and then you're referring to the October 10 PROF note. Is that correct?

C: Yeah, that's correct.

W: Okay.

C: But, this see...

W: This is the October 10 PROF note.

C: The PROF note is more in line with my recollection of the meetings of what transpired on the 17.

W: Okay, now I gotta, I have a couple of questions for you about the PROF note. First, the PROF note contains a price for the TOW missiles, uh, if you note on the top, the first point is they're going to pay 3.6 million dollars for the TOW missiles, which is a reduction in price per missile over previous TOW transactions. Do you know how it was that at this stage of the game, that is 10/10/86, the price had already been reduced?

C: Reduced from what?

W: Reduced from the price that the United States had been asking for TOW missiles uh, uh since February, which is 10 thousand a piece.

C: Oh, uh, I don't know. I don't know how, how they arrived at this figure. I did not know what the price was at the time. Is all I knew is when we had ~~a~~ the Mainz meeting uh, the Iranians already had the price because they arrived with a 4 million dollar check.

W: Alright, and - and this uh, PROF note would indicate that uh, by 10/10/86, they had a price that was in the area of 3.6 million dollars, which is a lower price since it's 500 TOWs than the 10 thousand per TOW uh, that had been charged up to that point. You - you're not aware of the dynamics that resulted in the reduction of price?

C: I have no idea what caused the reduction in price.

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SIDE ELEVEN - TWC/hgp

W. Uh, Mr. Cave did you hear that portion of Lt. Col. North's testimony where he predicted the release of several of the Dawa prisoners? I think the language he used was "they were going to release some of these prisoners as sure as I'm sitting here we may as well get some credit for them" and I think by that he meant get the release of some hostages.

C. He had told me, I didn't hear that part, but he had told me that they had questioned the Kuwaitis on those five, [redacted]

W. The uh, point number 3, the prof note that says that Copp and Sam are going to help prepare a plan for approaching the Kuwaitis to guarantee no more terrorism against the Amir and by which the Amir will use a religious occasion to release some of the Dawa what was contemplated by that? What did you understand what you were supposed to be doing to execute point 3?

C. What we were going to do is try and come up with some sort of proposals that the Iranians could take down to Kuwait as negotiating points. [redacted] Things like that. In other words

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we were not going to, and never contemplated, you know, direct intervention to get these guys released. Um, what we had hoped to was based on the fact that the Kuwait~~ee~~is were going to release, uh, these people when their terms were up is get the Iranians talking to the Kuwait~~ee~~is and try and come up with some reasonable proposals, uh, that might give them some negotiating points with the Kuwait~~ee~~is.

W. This is all relating to the five whose terms are going to mature in the next six months or so?

C. Primarily those, we thought that maybe the Kuwaitees might release one or two of the others who had, you know these terms weren't that great, as some possible amn~~i~~esty.

W. And that would be a release before the maturation of their sentence? Is that correct?

C. That's correct.

W. Now, when Admiral Poindexter was questioned on the Da~~h~~awa he said that the idea was that General Secord could approach the Kuwait~~ee~~is as a private citizen and that would not be the United States acting. Was that your understanding, that Secord was basically going to go in the capacity of a private citizen and approach the Kuwait~~ee~~is and seek to get some flexibility on the Da~~h~~awa prisoners?

C. No, that is not my recollection. [redacted]

[redacted]

W. And this is the Da~~h~~awa you're talking about now?

C. This is the Da~~h~~awa, but I don't know if anything was ever done. And I don't recall Dick being mentioned as doing anything with the Kuwait~~ee~~is.

W. And that is Dick Secord?

C. Dick Secord, that is correct.

W. Okay, now let me move ~~Minths~~. to Mainz.

C. Nice town, ~~Minths~~. Mainz.

W. Love to go there. The, uh, I think you'll recall from reading the transcripts that the ~~Minths~~ Mainz meeting begins with North giving basically a progress report to the Iranians, uh, first let me ask you, [redacted] attends the ~~Minths~~ Mainz meeting. Does [redacted] at all attend that meeting?

C. No, he's not there.

W. The notations in North's notebook indicate that he's in [redacted] during that period of time. Do you recall anything to do with his visiting [redacted] during that period of time?

C. No.

W. And, uh, otherwise it's you and North, Hakim, Secord, and [redacted] is that correct?

C. That's correct.

W. Anyone else?

C. There were [redacted] from [redacted] and [redacted] that always accompanies [redacted] they were there but they didn't participate in the meetings. Also [redacted] was there.

W. Let me back you up on the subject of [redacted] and [redacted] Were they also present at Frankfurt?

C. I don't think so, not that I recall.

W. What were they doing in ~~Minths~~ Mainz?

C. Uh, I have to jog, I think that Hakim just brought them over. [redacted] was bringing something and I forget what it was. And [redacted] came over because North asked him we were supposed to congratulate him for his great works he had done, whatever they were. But he did not participate in any of the meetings.

W. [redacted] I think at that time was a security concern [redacted] Is that correct?

C. That's correct. And also we knew he was lying about Ghorbanifar.

W. There was some concern expressed in the Washington meeting that he might even be [redacted] Do you recall any credence to that?

C. That's Ollie North's, you know to warning the Iranians who they are dealing with. You know, for all we know he's [redacted] [redacted] I don't know whether he is or not. The interesting thing is that [redacted] I don't know whether it was at this meeting or at the Frankfurt meeting wanted [redacted] cut out. Even though he was ostensibly an exofficio Iranian official buying arms for Iran.

W. And officially I think that [redacted] had named him as one of the people who was going to serve on the joint commmission. Is that right?

C. No, not [redacted]

W. I think that was in Washington, when asked to name the Iranian team he said that he wanted [redacted] to handle logistics.

C. Yeh, but he would not be a member of the team.

W. That is recorded in Secord's notes as being a member of the joint commission.

C. No.

W. So that would be contrary to your understanding.

C. They would use him for logistics support type things because he knew his way around but he would not, we had the four members of the team.

W. You got those in Mainz, is that right?

C. I think they gave them to us in Frankfurt.

W. You made a memo on that and I'll show it to you.

C. It could be but.

W. Let me run through this progress report that North gave and what I want you to do is see if you can shed light on whether any of these actions was taken or to the contrary if you know them not to have been taken to illuminate the committee on that point. North listed among the steps the United States has taken [redacted] Do you know whether that was the case?

C. I don't know.

W. Uh, the United States also had had private discussions with [redacted] of undetermined character, the Kuwaitis and had talked very privately with [redacted] according to North. Do you recall beyond just that those talks were represented to have occurred what the substance might have been?

C. Uh, Ollie told uh, Ollie told me that they were going to talk to the people.

W. Okay, but North is representing that the United States has talked to these people. That is [redacted] the Kuwaitis [redacted]

C. And as far as I know it's in the person of Admiral Poindexter and the subjects concerned the Iranian position on ~~Sodam~~ Saddam Hussein is a prerequisite to peace uh, the hostage problem being tied up to the Daawa problem and the fact that the Iranians were very much interested in improving relations with the Gulf neighbors.

W. Okay now, I think the Iranian position on ~~Sodam~~ Saddam Hussein was publicly known in the Gulf. Is that fair to say?

C. Well, I would say, publicly yes, but I think that what we were trying to do was emphasize that we had done an awful lot of research on us and had gotten an awful lot of information and had assured [redacted] that nothing was going to move until ~~Sodam~~ Saddam Hussein went.

W. Now did you understand that the United States...

C. Oh, the Iranians, one of the things that they asked us you know, I think it was at the Frankfurt meeting, to make it clear to [redacted] that they weren't about to enter into any kind of peace negotiations as long as ~~Sodam~~ Saddam Hussein was in power.

W. Was there any concern that if the Iranians succeeded in ousting ~~Sodam~~ Saddam Hussein it would be an absolutely phenomenal victory in the region for them?

C. There was for them but one of the things that they, the message that they wanted to get across to is they said look, we don't want it, we don't care if there's an Islamic government or not we are willing to go along with the government that is suitable to [redacted] and if they want to play a role in a subsequent government fine, we just don't want anything to do with ~~Sadem~~ Saddam's Hussein and the Bath.

W. Did you have any concern that uh, in the event that Hussein was removed the pot might be boiling enough in Iraq that Iran would be tempted to seek through its own agents to influence the character of the government?

C. If you're asking if I believed in the Iranian's sincerity in what they said, no I didn't. [redacted]

W. So you would have had some reservations about whether in the event that real political instability had manifested itself in Iraq that the Iranians might nonetheless have taken advantage of that, is that correct?

C. You know one of the few periods of political stability in Iraq has been ~~Sedem~~ Saddam Hussein's r~~o~~ule.

W. Okay, but you would have been concerned in the event there had been political instability in the wake of his departure that Iran might have been tempted notwithstanding its words to the American negotiators to try to and effect the shape of the next regime.

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C. I didn't have any doubts about that.

W. Next statement beyond the very private talks with [redacted] [redacted] was that [redacted] stated that on October 12 the I believe it was [redacted] met with an Iranian representative and that [redacted] said that he was that he had or was going to shut off the Iraqi pipeline that flows to the Red Sea when [redacted] [redacted] said that North said that's us doing that, in other words influencing the Iraqis to cut off the pipeline to the Red Sea. [redacted] do you know whether that actually occurred [redacted]

C. There was a shut-off by the pipeline and I think the reason that was given was technical. [redacted]

W. In fact he had that meeting on October 12, he had had that meeting by the time the ~~Ninths~~ Mainz meeting had occurred. Now do you know whether when North said "that's us" d~~o~~uring the meeting, whether "that's us" influencing the cut off of the Red Sea oil pipeline, do you know whether there was any validity to that statement?

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C. I have know concrete evidence that there is other than what North said.

W. There also was a good deal of discussion in ~~Mistha~~ Mainz about Phoenix Missiles. Do you recall that?

C. Yes I do.

W. There was a discussion in particular about the need to bring in technicians to repair 72 Phoenix Missiles that the Iranians hoped would eventually bring down some Iraqi fighters who were punishing their, or bombers I guess who were punishing their economic lifelines. Do you know how far the talk progressed on the subject of the Phoenix technicians?

C. We did a lot of talking about that and I guess you could say there was agreement in principle if everything else went down right to send a technician in this would be roughly about the same time we would send a commo team in to maintain secure relations between the uh, secure communications between the two countries.

W. Now there was also talk about sending in a Hawk technician, correct?

C. That's correct.

W. That would be a technician distinct from a Phoenix technician?

C. Yes, the reason the Hawk thing came up because in analyzing the request for spare parts no one can figure out why they wanted some of the things they wanted. We tried to tell them they didn't need us and they said no their technicians said

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they needed them and we said well you know if you're ordering ten of these things it takes a hundred years to order ten of them (laughter).

W. Long war.

C. So, we were saying also and what Secord was doing is get someone in there that could look over their logistics, they probably had a lot of the stuff and just didn't know how to find it.

W. What you mean by that is they have a computerized logistics system that they can't crack anymore.

C. Yeah, they can't get it working.

W. So they don't know what they have.

C. Well they gave us a lot of examples of how poor their logistics system is. Prior to one of these assaults or one of these offensives they call everyone they can think of all over the country. How many 105 rounds have you got, how many recoilless rifle rounds you have got, just to find what they'd gotten and get it assembled. It's done almost mechanically.

W. There was in the Mainz ~~Mintzs~~ tapes and I think you recall this, there was discussion on the Hawk technician that in fact he had been identified and there was even some talk about him coming in under contract. It sounded from the tape as though his deployment to Iran would be in the near future. Do you recall how near his deployment to Iran might have been?

C. There were two possibilities there. One of them had been discussed with Nir about the possibility, you know there's

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alot of Iranian Jews in Israel and maybe among them could be found a couple of technicians. The other thing now, I realize there's alot of talk about sending a technician I don't know how real close we ever got to doing that. I don't know if anyone was ever identified. Secord told them that whether he had actually identified someone I don't know. I never heard any names.

W. North, let's just go back briefly to the Da~~h~~wa, in Mi~~nnes~~ ainz North said he had spent seven days putting together a plan on Da~~h~~wa. Did he share that with you?

C. He said that in ~~Minths~~ Mainz?

W. He said it, in fact he said it just to the Americans. The way the tape reads that he had spent seven days putting together a plan on the Da~~h~~wa prisoners. Did he go into any detail that you recall on that?

C. No, I'm certain I would have remembered any detail on that.

W. I'm drawing on your knowledge of Iran on this one. Have you ever heard of the Ayatollah Khomeini referred to as His Holiness the Imam?

C. Well he's referred to as the Imam but not His Holiness. I've never heard to him as His Holiness, just to say the Imam is to say it all, they refer to him as the Imam Khomeini.

W. That's a term I think that Westerners tend to associate with the Pope. Is that your association?

C. Yep, that's correct. (Laughter). Where did you get that?

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W. I don't have it right with me but there was a KL-43 message where North imposed a speech for Rafsanjani that was (laughter) in which among other things Iran proclaimed "the enduring reality of its Islami resolution its Christian peace" His Holiness the Imam's gracious command that acts of terrorism are not acceptable to advance the aims of the Islamic resolution.

C. At one point they had told us that the Imam was prepared a front law on terrorism.

W. They told you that on a couple of occassions had they not?

C. Yeah.

W. I think that's referred to in Ghorbanifar's letter in July 8 or July 9 and it's also referred to in Secord's notes in the meeting in Washington with [redacted] speaking.

C. That's correct.

W. To your knowledge was that ever issued?

C. No not to my knowledge, what he did do is he issued an interesting statement in which the hostages being held in Lebanon should be considered by their takers as prisoners under Islamic law.

W. Rather than as spies.

C. Yeah, or whatever they were saying.

W. Were you able to independently verify that occurred?

C. Yes, that was in a public speech. I suspect he cuts a lot less ice among the Lebanese now since the money isn't flowing as freely.

W. And when you say he you mean the Ayatollah?

C. Yeah, the Ayatollah. The Imam.

W. His Holiness.

C. He's Ayatollah O Usmah more correctly.

W. I gather you aren't consulted on the proposed speech, is that fair to say?

C. I think it's fair to say, yes.

W. In the meeting that occurred in Geneva which I believe was in November 8 that is you and North, you're there for a longer period of time than North and Secord, is that correct?

C. I guess so, they were taken, North had to leave a day early I think.

W. That's the way the notes read.

C. My plane left in the afternoon of the day I left, whenever the hell it was. Hakim and I were left there.

W. Hakim too attended that meeting, is that correct?

C. He attended some of them, yes that's correct. Some of them he didn't attend. I had a long meeting with [redacted] in which we discussed intelligence things.

[redacted]

W. Let me show you I'm going to mark this as 18-A this is dated November 3, 1986 it is directed to the Director of Central Intelligence and it's attributed to Charles Allen and the subject is the Frankfurt meetings. I asked Charles Allen about this, he says he didn't write it, he says you did, would you take a look at it?

C. Yep, I wrote this. And what happened is is, no this is the ~~[illegible]~~ Mainz meetings.

W. It's headed Frankfurt meeting, but in fact it's a rendition of the ~~Ninths~~ Mainz meetings.

C. And, I'm trying to think of why it was handled this way; there's a reason it was but I can't for the life of me think of why it was. The only thing I can think of, it... what he did as you know from reading my memos they're all full of typos and misspellings and ...

W. Yes this is really an unusual memorandum in that regard.

C. This is what happened here is that Charlie cleaned it up and gave it to his secretary and said send this to the Director. So she had automatically assumed it was from him so that's how it got that way. That's why it's not recognizable as mine immediately. I guess I could even deny I wrote it and people would believe me.

W. Not anymore.

C. Okay.

W. The discussion on page 3 really or page 4 excuse me of this exhibit 18-A in the middle of the page there's a reference to a discussion of the Phoenix Missiles. Was there consideration given to what kind of an impact the ~~resuscetation~~ resusitation the missiles might have on the conduct of the war?

C. Yes and it was considered pretty marginal. The fact is that we were not prepared to send in a technician until this thing got pretty far down the way. All the hostages would have had to have been released.

W. But you didn't think that would happen if the ~~[illegible]~~ Bakki Valley ~~[illegible]~~ Shi'ite had their way.

C. I thought most of this stuff was window dressing anyway I couldn't see all of the ~~[illegible]~~ Shi'ites releasing all of the people and we weren't going to do most of this stuff unless that happened. So I thought it was sort of whistling ☎ Dixie.

W. The memorandum contains a reference to the, to four people who are going to serve on the commission, the joint commission, that's down on the bottom of the same page you're looking at, page 4. [redacted]

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W. Now I've got to ask you a question Mr. Cave. If you survey this list then [redacted] according to Albert Hakim is present at the February meeting in Frankfurt which is a first channel meeting.

C. I didn't know that.

W. I know you didn't know that. But [redacted] again shows up at first channel meeting in Tehran, is that correct?

C. That is correct.

W. [redacted] is the main contact point for Ghorbanifar in Iran so and then these people all show up on the joint commission proposed by the second channel~~l~~ representative the Rev Guard Intelligence Office or by [redacted] himself in ~~[illegible]~~ Mainz. Now the question occurs as you see the personalities as all being the same that in dealing with the second channel aren't we really dealing with the same political factions we were dealing with through the first channel? And before I have you answer that let me change the tape.

TAPE TWELVE - TWC/hgp

CONTINUATION OF EXAMINATION OF GEORGE CAVE BY MR. WOODCOCK:

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W. The question pending is aren't we really dealing with the same cast of characters even though we've switched from Ghorbanifar to [redacted]

C. I asked a similar question and put it in a different way to him when he brought these names up.

W. And to him is...

C. [redacted] Now you've got to remember that the, we were always dealing with a faction of the Iranian government not the Iranian government and the faction was the one controlled by Rafsanjani. Now, when you get into some of these guys, [redacted] is Rafsanjani's man and the man he sent over to talk to Bud McFarlane the second day. Now when you get into some of the, what about [redacted] now you told us this was not a supportable channel and he said Rafsanjani's view of this is that we have to have members of each faction the three wings in the government and the guy from the radical faction is going to be [redacted] because he's already been cut in so there's a security consideration also. [redacted] is very conservative, is a great admirer of Khomeini incidentally, the president. But the two other guys are both, [redacted] are both very strong supporters of Rafsanjani his men.

W. You don't identify [redacted] with Rafsanjani is that correct?

C. No he's more, he's a conservative he told me that, you know they said some things about Khomeini and then when we were alone he said don't to all this he's a very good man, very honest, listen to what he says not what people say about him.

W. Given that [redacted] shows up in Frankfurt haven't they really affected the joint agreement among the factions even as early as February 1986? You've got [redacted] you've got [redacted]

C. Yeah, according to [redacted] when I questioned it was always his [redacted] idea that everyone had to be involved in this so that they couldn't come out and criticize it.

W. That pre-dates [redacted] involvement is that correct?

C. That's correct. He knew that we were in Tehran.

W. Rafsanjani did?

C. No, [redacted] did, he told us that.

W. And the presence of [redacted] in the May negotiations would indicate that Rafsanjani was aware and that tolerating this at that stage, is that correct?

C. Yes, he was sent over by Rafsanjani as his man to be in the negotiations. Now one of the interesting things when we were in Tehran is he and [redacted] had several long arguments about how to proceed. We could listen to them, they would go out on the court, out of the range of their listening devices and haggle at one point they were accusing each other you know if this thing doesn't succeed it's going to be your fault cause you didn't do the right things. This is the way he explained it to me the security considerations, to keep as few people involved as possible and also they wanted to get everyone involved and then they swore them to secrecy, you know a representative of each of the three wings.

W. Now, Mr. Cave just a few more questions here. Your memorandum of the meetings in Geneva states, as I think you've already testified that the Americans advised [redacted] that the United States had done all that was humanly possible by talking directly to the Kuwaitis. Now what did you mean by that by talking directly to the Kuwaitis.

C. Well I was just passing on, this was not just me talking it was Ollie talking. We had the one whole day we talked about how, they kept wanting us to do more he wanted us to give him a guarantee that if they sent someone to talk to the Kuwaitis something would result from it.

W. And all you could say was that you would be warmly received.

C. All we could say is the Kuwaitis are going to be willing to talk to you and you've got to take it from there kid.

W. Okay, but what when, your memorandum says you've done all you can by talking directly to the Kuwaitis what direct talking has been to the Kuwaitis that you're aware of.

C. My understanding is that Admiral Poindexter had talked to the Kuwaiti Foreign Minister. Now I never saw minutes to that meeting or a memorandum of it so I don't know precisely what took part.

W. Now North in his notebooks for this period refers to a six step Kuwaiti plan, do you know what he's writing about there?

C. No I don't.

W. Now in this meeting that occurred in Geneva with [redacted] according, in North's notebooks of his meeting with [redacted] and this is not reflected in your notes which I haven't put in front of you but I'll make that representation.

C. Maybe because I was translating.

W. I don't know what the reason would be but let me just bring out the point here. [redacted] took some time in as reflected in North's notebooks describing or trying to describe a distinction between the Islamic Jihad organization and Hizballah.

C. That's true.

W. The one being susceptible by the influence by the Iranians and the other, that is the Islamic Jihad being less susceptible to influence by the Iranians. And then he has an entry, North has an entry in his notebooks that appears to be a really quite a wishywashy statement on [redacted] part saying that if the, some of the Daʿwa prisoners were released then something may be possible, which is about as indefinite as you can get. Is that where the Iranians were at this point?

C. I had all along as you know concluded that we weren't going to get many released and I remember the long talks we had with [redacted] I think that the last guy we got out was the last guy we were going to get out, Jacobsen and I think that's reflected there as they just can't, the Hizballah wasn't going to release anymore people until they got some of their demands satisfied. That's also reflected in what [redacted] was saying.

However, I go into some of the things, the differentiation between Hizballah and Islamic Jihad, which he's saying Islamic Jihad is not really an organization as the same sense as Hizballah in that something sort of, different people come together for a specific purpose.

W. So you accepted his distinction between Hizballah and the Islamic Jihad, is that correct?

C. Not necessarily.

W. Where do you fail to endorse his description?

C. I don't think we know about, I think when they're going to do something that they don't want to necessarily be blamed for it they call it Islamic Jihad.

W. [redacted]

C. [redacted]

W. Is [redacted] just trying to throw some smoke in your eyes at this point?

C. I think so. [redacted]

W. And [redacted] is trying to make the point in North's notes that because these are different organizations and Islamic Jihad is really holding the hostages Iran is not going to have that much influence. But you don't accept their influence being or waning on that particular point.

C. I think that what he was trying to do is give an explanation as to why they can't get anymore hostages released. And he was less than truthful.

W. Just for the record I'm going to identify the memorandum I was referring to from the CIA as actually a National Intelligence Council memorandum signed by Graham Fuller and, the particular point that I was referring to was that until February 1985 some of the hostages including several Americans were held [redacted] The Islamic Jihad organization and the revolutionary justice organization have claimed responsibility for most of the abductions most names are used as covers by Hizballah. Do you agree with that?

C. Yeah, I think so, I think that's pretty accurate.

W. Now moving on to the last topic. In December of 1986 you met with [redacted] for the last time.

C. That is correct.

W. That is a meeting that was arranged by Albert Hakim.

C. Yeah, we had to go through him to get to [redacted]

W. Did you try earlier to set up the meeting through [redacted]

C. We did, we called, I called him and what [redacted] said was that he would be in contact with Albert.

W. So ultimately it was Hakim who set up the meeting.

C. Yes he set up the meeting.

W. Before the meeting began you ran into Hakim in the hotel lobby and he informed you that he wasn't going to show up unless his lawyer would show up as well, is that correct?

C. Well at first he said ask Dunbar if he wants me to attend. I think I called Charlie and he said well I don't care and so I got back to him and he said if I'm going to attend I want my lawyer there. So I called Charlie back and he says well no lawyer. So Albert didn't attend any of the meetings.

W. The, uh, Dunbar wrote reports on these meetings that he sent back to Washington that were then submitted to Secretary Shultz by Arnie Rafael. You know Arnie Rafael don't you?

C. Yes, very well.

W. Did you know Charlie Dunbar before this meeting you had in December?

C. No.

W. Before the meeting actually occurred there were ground rules set forth for the negotiations which severely circumscribed the ambit of the channel and Charles Allen wrote a memorandum in fact...

C. Charles Allen and I wrote a memeo.

W. I thought that might be the case, that Charles Allen wanted to make Director Casey aware of the extremely limited character of the negotiating points.

C. We got the terms of reference on the morning I was scheduled to leave to go to Frankfurt, Charlie and I. I took one look at them and told Charlie that if, my understanding from the NSPG meeting on the 24th November is the President wanted this to, this channel to be kept open and if these terms of reference Amir followed it was just going to click everything off. So what we did was we called, we saw Casey and Casey said okay write me a memo on it and I will call Don Regan and I had to leave. Now when, to go to Frankfurt. But the next morning, Charlie and I were going, were translating the terms of reference into Farsi when he got called and I called and I got the change in instructions in my channel and he got the same thing in his. And then we use those. Now as it turns out nothing came of it but they were, it was an indication to the United States, at least we left them that we were willing to keep open the channel for discussions.

W. So the limited instructions were not conveyed to [redacted] is that correct?

C. No the revised ones were conveyed to him.

W. And your understanding, let me say your knowledge I gather it would be is that Charlie Dunbar received this expanded instruction from his people as you received it from yours, is that correct?

C. This was based on an instruction by Dr. Keel that the State Department send, that identical instructions be sent out in State channels and CIA channels.

W. That is Alton Keel?

C. That is correct. Also the instructions were not as Secretary Shultz testified to.

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W. Now if you'll take a moment and distinguish where you and the Secretary part company on the ambit of the instructions.

C. In his testimony Secretary Shultz said that Casey had gone behind his back to get the instruction changed so that arms shipments can be continued. The paragraph in the instructions regarding the arms shipments were not changed, they were identical, there will be no additional arms shipments until there is peace and normal relations between Iran and the United States.

W. Do you have any idea where the Secretary got the misconception that he testified to?

C. No, he must have been either poorly advised or that's all I can come up with. Because I even have copies of things I was so upset when he made the statement, the original instructions as are here and this is the paragraph on the arms and the revised paragraph on the arms is here and it's virtually the same.

W. Let me just take a moment and make a copy of that it should be marked for the record. First Mr. Cave, you had pulled out of your pocket 3 documents I just want to identify them for the record. The first I've marked as 19-A this is a terms of reference memo from Charles Allen to the Director of CIA I believe that is the memorandum that you had early testified you and Charles Allen worked on to change the terms of reference. Is that correct?

C. This is a memo that we wrote regarding the terms of reference that we received the morning of the same day, 12 _

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December which was sent over by the State Department which as far as we could tell went against the President's explicit instructions on keeping the channel, trying to keep the channel open.

W. The first thing I'm referring to, 19-A, is the cover memo you and Charlie Allen did, is that correct?

C. That's correct.

W. Now would identify 20-A for the record for me?

C. These are the terms of reference for the Cave-Dunbar discussions with [redacted] which were sent over by the State Department on the morning of 12 December.

W. And the paragraph that you had brought to my attention earlier is the one you placed the brackets around? Is that correct?

C. That's correct.

W. And you had compared before I went off and copied these the bracketed paragraph in 20-A to the bracketed paragraph in 21-A, first before you compare the two again, 21-A is the cable that you received while you were abroad, is that correct?

C. Yes that is correct, note the time is the 13th of December that is when I received that [redacted].

W. And those were your negotiating instructions as amended.

C. Those were the change in instructions.

W. And now for the record if you would compare the two bracketed paragraphs.

C. The original on exhibit 20-A, the original instructions on arms sales are as follows and I quote "while the Reagan administration sees the utility of having a means of conducting a dialogue with your government there will be no further transfers of American military equipment to your government while Iran refuses to negotiate and end the Iran/Iraq war and while Iran continues to support terrorism." In exhibit 21-A which is the cable I received [redacted] the changed instructions, the paragraph regarding arms supplies reads as follows "the United States sees the utility of having means of conducting a dialogue with you government; however, there will be no further transfer of American military equipment to your government while Iran refuses to negotiate an end to the Iran/Iraq war and while Iran continues to support terrorism and subversion."

W. And I gather that Charles Dunbar received identical instructions through his secure communication channels, is that correct?

C. That's correct. They came into the ConGen in Frankfurt.

W. Before the meeting with [redacted] I noted that he's referred and you've been referring to him sometimes as [redacted] [redacted] What's the difference?

C. He was mistakenly at one point introduced as [redacted] [redacted].

W. What's his real name?

C. [redacted]

W. So if you know [redacted] you know the story. Before this meeting occurred had you acquainted Dunbar and the State Department what you understood the nine point plan to be?

C. No we had told the Department that we were prepared to brief Dunbar anytime but we were never asked to.

W. So when the meeting got underway and [redacted] brought up the nine point plan would that have been a surprise to Dunbar do you think?

C. I did, he came over and I had lunch with him but we didn't get into a great lot of detail about what had transpired. I didn't have that much time actually. Once I found out that he didn't know about alot of things and didn't have much of a brief I did my best to brief him on what had fully transpired.

W. There is in Dunbar's notes he recounts advising [redacted] of the new position with respect to arms and he notes that [redacted]'s reaction was well that just brings us back to zero. Do you recall that exchange?

C. Yes I do, because what [redacted] said well you know, insisted that you told us that the President had agreed to the nine point plan are you going to go through with it or not? And that's when came up the hassle when the President said he never heard of the nine point plan, so...

W. I'm going to finish one point on that and then ask you another question and then I'll let you go. First one of our associate counsel [redacted] interviewed Dunbar and he said that one of the things that interested him about [redacted] that he was quite unemotional about his response about the bad news that there were going to be no more arms until there was a real dramatic change in Iran's policies. Would you share that observation. Was he quiet and unemotional when he declared when we were back to zero?

C. He's pretty, considering for an Iranian, he's fairly unemotional but I think that the only part where his emotion showed was when he asked about the nine point program. Are you going to abide by the nine point program which we agreed to or not? That's the only time I would say that he was really emotional.

W. His response, I think Dunbar's notes reflect that [redacted] told him you ought to go back to Washington to get briefed on this you obviously don't understand where we are. Does that comport with your recollection?

C. Oh possibly words to that effect. Pretty obvious that poor Charlie, he had been given no brief whatsoever by the Department as far as I could tell, in fact that's what he said to me he told me he had a very narrow brief for this meeting.

W. And you had been unable to brief him, your invitation to brief him hadn't been taken up.

C. The only time I saw him before we left I said come on over and have lunch and I talked a little bit in general terms.

W. There was I think a famous mini-flap that occurred about this time and you were supposed to have overstayed and spoken to [redacted] outside the company of the State Department rep, what's the story on that?

C. What happened was, after the meeting, which took place in the afternoon. Charlie and I went out to dinner and he was going to rush back the next morning which was Sunday and I said okay but I'm going to stay over and I will come back Monday morning because I'll go down Sunday and see my grandchildren. And then I spent the rest of that afternoon and that evening trying, sort of briefing him trying to bring him up to snuff as much as I could and he left. Now when I got back to the hotel late Sunday night at 11:00 pm [redacted] was sitting down in the lobby, he must have been there for about 5 hours, and he said, he gave me the phone number, he said call our friend, he's received instructions from Tehran. So I called him, cause he knew he wasn't supposed to see me, so he said, I've just, I've already received an answer from Tehran and I'd like to see Ambassador Dunbar as soon as possible and I said well gee he's already left, he left this morning. And he said well I've just got this brief message to pass on could I bring it over to you first thing tomorrow morning. And I said well okay, he said it's important. So he came over to the, he was only there about 15 minutes, he read it off and I wrote it down and I immediately [redacted] sent it exactly as he said it to me and told them to deliver it to the State Department. And that's the last I saw of [redacted]

W. It wasn't the last you heard of that encounter I gather.

C. I suppose you're not supposed to use initiative.

W. Far be it from me to counsel you at this point Mr. Cave.

W. One more question on the nine point plan, I think North and Poindeter both testified that the nine point plan in some version perhaps in the prof note version that we earlier identified as the October 10 prof note was brought to President Reagan's attention and President Reagan approved it. Did anyone tell you contemporaneously and this would be October 1986 or thereafter that the plan had been brought to President Reagan's attention and that he had approved it?

C. Yes, Col. North told me.

W. Do you recall when?

C. After I got back from Frankfurt, cause I called, I called Ollie right after I got back and I recall specifically I don't know if it was in a meeting or whether it was on the phone but he told me that the President had approved it.

W. And did he tell whether he had sought the approval or Poindexter had gotten the approval or how it had been given?

C. He didn't say how it had been given, he just said that he had seen the nine point plan and he had approved it.

W. I have to ask you Mr. Cave, this nine point plan that he says the President approved, is that what was presented in the prof note of October 10?

C. What's represented in the prof note to the best of my knowledge, yes.

W. Which in the prof note has seven points in it, but that

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would be referred to as the nine point plan?

C. That's correct.

W. Let me thank you for letting me put you in one more long day since I'm going back to Maine which means you've probably seen the last of me which means you've probably seen the last of a long day like this in front of our committees. Thank you again. Thank you Mr. Pearline, thank you Mr. Moffett as well.

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This is an account of the U.S. mission to Tehran from May 25 through May 28, together with some comments and observations. The U.S. team was headed by Mcfarland with Goode, Mcgrath, Miller and O'neil making up the rest of the team. A [redacted] communicator also accompanied the team on the trip into Tehran.

The team arrived in Tehran at 0830 hours on 25 May and was left to cool its collective heels for about two hours. During this period the Iranian Air force put on a show in which one by one a squadron of F-4's took off from Mehrabad airport. The planes carried no ordanance and according to the Mehrabad base commander they were flying training missions. According to Gorba, the Iranians recently recieved a shipment of F-4 spare parts and the flights were training flights to bring some of their pilots up to snuff. The first Iranian official to show up who was connected with this operation was [redacted] who was already known to the air crew. The base Commander [redacted] also put in an appearance and made pleasant conversation. He was also their at our departure. It is unclear how much he was cut in on he operation. Gorba showed up about half an hour after our arrival. He said that we had arrived an hour early and this was the reason there was no one at the airport to recieve us. We were later told that the recieving party had gone to the miliary side of the base expecting us to park our plane there. Gorba told us that for security reasons we were being given the entire top floor of the Hiton Hotel, now renamed the Istiqlal(independence). [redacted] finally arrived and after some small talk we departed for the hotel. While still at the airport, Gorba informed us that everything was going well and the Iranians had already dispatched a representative to secure the release of the hostages.

While on the plane Mcfarland, Goode and O'neil rehearsed a discussion of the briefs which we would run through in the hotel for the benefit of Iranian coverage of the American delegation. In short the play acting was designed to give the brief good sourcing. We expressed our concern out loud that the Iranians would not believe the Soviet invasion plan. We worried hat we could not indicate the real source of the information due to said source's sensitivity. The sensitive source, dubbed "Vladimir" by Goode was described as a Major General who had taken part in two of the war games on the invasion of Iran. O'neil subsequently gave [redacted] a brief glance at the briefing book to whet his appetite and give them something to which they could tie their audio coverage. None of the three briefs were given.

The first substantive meeting took/place late in the afternoon of 26 May. The Iranian side consisted of [redacted], a named [redacted] and a man named [redacted] whom Gorba described as being in their intelligence service. This initial meeting was hostile with the Iranians listing past sins of the United States etc. The meeting ended with what appeared to be little chance of any progress. Basically the American side insisted on adherence to the agreement as we understood it, and the Iranians insisting that America must do more to atone for its sins. At the end on the Meeting, [redacted] set the tone by saying that even if no progress is made during the discussions, we were their guests and Iranians honored quests.

The first crisis occurred later in the evening when the Iranians

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insisted on removing the one crew member who was staying on the plane. They insisted that we had agreed to this at the earlier meeting. Mcfarland's response to this was that we pack up and leave. O'neil consulted with a young man [redacted] who stayed in the hotel with us during the visit. He had been intrduced to us as the one person to contact to solve any problems which might come up. [redacted] was very upset that we consulted [redacted] about the plane and referred to it as a breach of secuity on our part. He insisted that their primary concern was our security and this was adduced as the reason we were to stay couped up on the 15th floor of the hotel. We succeeded in getting a crew member back on the plane the following day. It was clear that the Iranians only wanted to search the plane. The search seemed to satisfy them and we had no subsequent problems on this issue. [redacted] was also very upset that we had our own communications(this was reason we gave for Having a man on the plane at all times). He argued that Iranian intelligence would pick up the signals and this could jeopardize the security of whole opeation. He said that they would put what ever we wished at our disposal including a dedicated telex. We insisted on our own commo and he gradually backed off. The hostile attitude of the Iranians on the first day left us a little uneasy.

On Monday we were left to our own devices throughout most of the day. We finally had another meeting late in the afternoon. At this meeting, another Iranian was introduced as [redacted] He is [redacted] He is [redacted] At this meeting, McFarland outlined the reasons we were in Tehran. We wished to lay the groundwork for a new political and strategic relationship between our two countries. We considered the arms supplies as ar example of our good faith and we insisted on the release of the hostages as an example of their good faith. [redacted]ade the appropriate noises and said that Iran was prepared to have normal relations with every country, except two, Israel ans South Africa. McFarland outlined our concerans about soviet designs on Iran and told the Iranians that we woud provide them with a briefing which would detail our reasons for concern. He also spoke of Sadam Hussayn's December visit to Moscow in which the Soviets promised Sadam that they would do everything to prevent Iraq from Losing the war. [redacted]ried some of the usual Iranian bravado by claiming that if the soviets attacked, the Iranian soldiers would do well against them because of their devotion to shoheda. This was followed by a load of shit on shoheda. On the Iranian side [redacted] concentrated on the Hostage issue and [redacted] on the arms transactions. [redacted] said that they had already heard from their man in Lebanon who said that the group holding the hostages had insisted on several conditions as follows (1) Israeli withdrawal from the Golan heights (2) Israeli withdrawal from southern lebanon (3) Removal of Lahad to East Beirut (4) freeing [illegible] imprisoned Shi'ites in Kuwait, and (5) re-imbursement for the expenses of holding the hostages. [redacted] graciously volunteered that Iran would pay these expenses. [redacted] argued that we were not upholding our part of the deal because we had promised to bring half the parts with us(no such promise wa made). He did not repeat his sunday claim that the parts we brought were used. He insisted tht we bring the rest of the parts before the release of the hostages. We stuck to the terms of the agreement. When things seemed to come unstuck, McFarland got up and said that we would leave if they couldn't uphold their end of the

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bargin. This upset [redacted] who said that McFarland was very firm and stern(tond-ro) and they as Iranians liked to negotiate in a more gentle(narm) atmosphere. What was encouraging about monday's meetings was that the Ir[illegible] were far more friendly than on Sunday.

By this [illegible] clear that McFarland was not going to meet any of the princi[illegible]een mentioned by Gorba. McFarland then told the Irani[illegible]hat th[illegible]ld continue negotiations with the American staff an[illegible] back to [illegible] when some kind of agreement was reached. [redacted] [illegible] big issue of the problems our presence in Tehran caused them. H[illegible]ted that a senior official could not afford the political risk of [illegible]ting with McFarland. He pointed out that it was Bazergan's meeting w[illegible]rezhin[illegible]hat brought down the Bazergan government. Based on [illegible]s we can take it as a certainty that Khomieni was not br[illegible]presence or our mission. He would have to give his blessing b[illegible]ny senior official would dare to meet wih a senior American official. We ran into the same problem in our discussions with the Bazergan governent. Gorba also let drop that [redacted] one of the senior personages that he had supposedly arranged for us to meet was also not aware of our presence.

Tuesday was a day of marathon negotiations with the Iranians stalling for time and trying to get the most out of the American delegation. The American delegation stuck by the terms of the original agreement and insisted that after the terms of the Frankfurt agreement were met, we would meet and discuss in detail their needs and the outline of our two countries' future relations. The American delegation proposed a specific timing for a subsequent meeting. During the late afternoon it was agreed that the American team would draw up an agreement which would be discussed later in the evening. To save time O'neil began working on a translation which was later completed by he and Gorba.

During tuesday's negotiations, all the demands of the hostages holders evaporated except for the demand for the release of the Shi'ite prisoners in Kuwait. Goode handled this part of the negotiations by firmly stating that the United States would not interfere in the internal affairs of Kuwait, particularly in an instance where Kuwaiti due legal pocess had been carried out. We would however seek to better the condition of Shia prisoners through the good offices of international organizations such as the Red Cross and the Red Crescent. Goode warned that as far as the well being of the Shi'ite prisoners in Kuwait is concerned, there had better not be any more terrorist activity directed at the Royal family in Kuwait.

The draft agreement was the subject of intense negotiations with the Iranians making some counter proposals which were desi[illegible]to gain them more time. Talks broke off around midnight with the Ir[illegible]delegation saying it wanted to caucus. For the next two hours, [illegible]iscussions were held within the Iranian delegation. [redacted] a[illegible] both said that the other would be responsible if nothing comes [illegible] negotiations. Finally, shortly before two on Wedne[illegible]mo[illegible]g,, [redacted] asked to see McFarland. He wanted assurances that [illegible] would deliver the remaining spare parts two hours after the hostages [illegible] released,and would stay after the arrival of the spare parts t[illegible] additional Iranian needs. He also asked for more time to get [illegible]trol of the hostages. McFarland gave [redacted] until 0630 wednesday morning to arrange for the release of the hostages. The American delegation retired to grab a couple of hours sleep knowing that we had at least out-frazzled

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them.

The first Iranian to put in an appearance Wednesday morning was [redacted] who looked totally dejected and refused to make any comment other than salam. The fact that Gorba did not show up also was a clear indication th[illegible] had not gone too well. [redacted] put in an appearance [illegible] they were working hard on the release, but would need more [illegible] He [illegible] asked if we would accept two being released immediate[illegible] two more after the delivery. He was told that we would leave for [illegible] airport after finishing breakfast. We also heard from the aircrew [illegible] the plane was beng refueled. This had been worrisome for the Iran[illegible] had stalled on refueling the plane. We also recieved a message from Washington saying there was [redacted] American delegation departed the hotel at about 0730 [illegible] accompanied the delegation to the Airport. [redacted] did not put in an appearance after his final talk with Mcfarland. At planeside, [redacted] asked to speak with McFarland. He asked for more time saying that arranging for the release was a very delicate and time consuming effort. McFarland told him that the plane with the spare parts was in the air, but if no word on the release of the hostages was heard by 0930, the plane would turn around and return to its base. O'neil was the last of the delegation to board the plane before take-off and he and [redacted] had one last exchange. [redacted] admitted that the hostages were not under their control. O'neil told him to get them under Iranian control. [redacted] said that they [illegible] seek to do this and that he would send Gorba to Europe to maintain contact with us. Our aircraft departed at 0900.

The above account is O'neil's outline recollection of what transpired and may differ somewhat from what others recall, but it is needed for O'neil's comments and recomendation to make sense.

COMMENTS:

1. If Gorba does appear, we must press him for positive identification of the people with whom we talked. Since [redacted] actually forget his alias during the course of one evening's discussions, we can assume that the others were using aliases, particularly since we have no traces on [redacted] may not be a true name. [redacted] He is [redacted] If [redacted] is an alias it may explain why [redacted] have not been able to identify such a person [redacted]

2. It is quite possible that the Iranian side [illegible] negotiating under the impression that we were only interested in [illegible] for the hostages. This would explain why they tried so hard [illegible] us to do more in exchange for the hostages, i.e., the 20 hawk[illegible]s and the 18 additional hipar radars. It was therefore a goo[illegible] leave a translation of the draft agreeement with them as i[illegible] them something to chew on. McFarland issued a stern wa[illegible] th[illegible] are getting fed up with overatures from them that don[illegible] pan out. We are interested in a long term political and strategi[illegible] and if Iran does not pick up on this opportunity it may [illegible] years befo[illegible] there is another one.

3.Ramadan was certainly a factor in how the negotiations went.

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also the problem caused by not being able to see anyone in a position of power. The people we were negotiating with were a [redacted]. The fact that [redacted] breath could curl rhino hide was no help either. On the positive side was the change in the attitude of the Iranian delegation. By tuesday they were begging us to stay.

4. We [illegible] have the problem of a dishonest interlocutor. The Iranian si[illegible] clear that they were upset with Gorba. On tuesday, [redacted] to[illegible] one of the problems in our negotiations was the fact tha[illegible]or to o[illegible]eting, Gorba gave each side a different picture of the a[illegible]ure of the deal. O'neil made the point to [redacted] that the letters [illegible] recieved were from Gorba, not the U.S. government. We will have to [illegible] heavily on Gorba in the future. B

[illegible]ince both Gorba and [redacted] stand to make a lot of money out of th[illegible]al, th[illegible]esumably will work hard to bring it off. Gorba has very [illegible] for seeing that the deal goes through. The serious pro[illegible] address is whether the Iranians can gain control of the hostage[redacted] This could be our real problem. The Iranians side may be most willing, but unable to gain control.

RECOMENDATION

Through hindsight it would have been better for Goode and O'neil to have gone in first to handle the initial negotiations. We should not have subjected a senior U.S. offici[illegible]o the indignities he was forced to endure. We have made the point [illegible]he Iranians that the draft agreement must be finally negotiate[illegible] senior responsible officials from both sides. If we have a subs[illegible]nt response from the Iranian side it is strongly recomended that Good[illegible]d O'neil meet with the Iranian side somewhere in Europe to continu[illegible]e negotiations.

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MEETING WITH [redacted] JULY 10, 1986

1. [redacted] initially described his sources. He stated that he reads all Iranian newspapers that he can get his hands on and also listens to radio bro[redacted]s. He also talks to exiles, sees a lot of Iranians who travel b[redacted] forth to Iran, maintains sporadic contact with former colleagu[redacted] remain in Iran, but perhaps his most important source of information are the representatives of important Iranians who travel abroad on business. The most important of these is the man who handles [redacted] can not return to Iran.

2. Like all Iranians, [redacted] groups Iranians into pat divisions. He says that Rafsenjani heads one group, Khameni'i another and a third group known as the third line is headed by seyyed Mehdi Hashemi. This is the real radical group which supports terrorism, etc. [redacted] said that there are two other groups worth mentioning, Bazergan's people and another group(ask about this one). [redacted] says that Montazari is dominated by Rafsenjani and once khomeini dies will be Rafsenjani's point man. [redacted] said tat Rafsenjani and Khameni'i are both brilliant men and will cooperate after Khomeini's death. Rafsenjani now effectively controls the Sepah-i-Pasdar through Mohsen Reza'i. Khameni'i has been resisting the move to incorporate the military into the Pasdars.

3. Sam and Abe told [redacted] that there was an interest on the part of the USG in trying to use trade to gradually re-establish relations with Iran. Sam and Abe planned to capitalize on the trade part using contacts in the USG with whom they will coordinate their actions. This of course requires a political decision at the highest level of the Iranian government. [redacted] said that he is certain that the vast majority of senior Iranians want to re-establish some degree of political relations with USG with the single exception of the third line pople. [redacted] said that the current problem is that Khomieni would oppose and such action as long as he lives. Groundwork can be done and [redacted] proposed that the man to establish contact with is Rafgsenjani. [redacted] said that he can explore establishing this contact though [redacted] His conact with [redacted] is through [redacted] suggested that at some time we consider sending in a non-American to do some contacting after ground work has been done.

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(5115)

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G

MEETING WITH [redacted] ANDS ALBERT HAKIM ON 11 JULY 1986

6 G 1. This meeting uncovered some interesting access. Sam first asked [redacted] said that he had cleaned up his report a copy of which he passed to sam. He said that if we had further questions he had the ability to get the answers. Sam said he would take a look at the report and get back to him.

G 2. [redacted] 6 said that their were two channels into Hasemi Rafsenjani. [redacted] proposed to discuss with us the best of these two channels. [redacted]

F

3. Hakim spent a lot of time explaining to [redacted] G that he wanted to get some legitimate business with Iran for Cover purposes. He was willing to sell Medicinals at cost or on a credit basis with up to a year to pay if he could get some other benifit out of it. [redacted] G suggested oil sales to the US which he was in a position to arrange for fob $8.20 a barrel. Sam suggested rice since the USG was subsidizing the export of rice at prices far below the going world quotes. There was a question as to whether Oil wa embargoed. During the course of the meeting, [redacted] G said quite frankly that he wasn't going to do this for nothing and Hakim told him that if anything goes through he would get a good commission. G Hakim told Sam that he planned to pursue these matters with [redacted] no matter what we decided. He has also set up a private polygraph for [redacted] G on Monday.

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CIIN #170

UNCLASSIFIED [redacted]

Ghobanifar (6H)

L. [redacted] WAS VERY RELAXED AND SAID THAT EVERYTHING WAS ARRANGED. HE SAID THA HE MIGHT GO TO TEHRAN IMMEDIATELY AFTER OUR DISCUSSIONS TO Y MAKE SURE EVERYTHING STAYS ON TRACK.

2 .WANTEDA TO KNOW WHO WOULD BE GOING TO TEHRAN. TOLD HIM MACFARLAND, BBBB GOOD AND O'NEIL. PLUS A COMMO SPECIALIST. HE THOUGHT THAT WOULD BE FINE.

3. WE TOLD HIM THAT HE DID NOT WANT TO GO INTO DETAILS AS THIS WAS GOOD'S SHOW AND HE WOULD EXPLAIN EVERYTHING THIS AFERTNOON. WE DID SAY THAT GOOD HAD DRAWN UP A SCHEDEULE THAT WE W HOPED WOULD BE ACCEPTABLE TO THE OTHER SIDE. WE EMPHASIZED TO HIM THAT IIF THIS THING IS TO WORK HE MUST PLAY A KEY WHICH WE WILL EXPLAIN TO HIM IN GREAT DETAIL THIS AFTERNOON. HE SEEMED PLEASED WITH ALL THIS. HE WAS GOING TO CALL TEHRAN IMMEDIATLY AFTER WE LEFT TO EXPLAIN THAT WE WERE LINING UP ALL THE DUCKS.

4. HE SPENT SOME TIME TELLING US THAT WE MUST MENTION NOTHING ABOUT ISRAEL IN OUR MEETINGS AS THIS COULD QUEER THINGS. HE SAID MAYBE WE COULD MENTION ON LEAVING THAT THEY COULD RELY ON (6H) [redacted] ON THIS CASE. (WONDER HOW MUCH THIS IS GOING TO COST THE ISRAELIS).

5. HE ALSO SADI THAT WHILE IN TERRAN HE HAD TALKED TO THE CONSERVATIVE LEADERS LINE NO. 1. - [redacted] (N. FARAZI ACCORDING TO OUR RECORDS). (6H) [redacted] SAID THAT HE HAD ARGUED WITH THEM THAT THIS WAS A GREAT OPPORTUNITY. THEY ARE GOING TO GET INTO POWER AFTER KHOMIENI GOES. SO LET SOMEONE ELSE MAKE THE OPENING TO THE AMERICANS.

6. (6H) [redacted] ALSO BRIEFED CERTAIN MILITARY LEADERS ON THIS PROJECT TO GET THEIR SUPPROT. NEEDLESS TO SAY THEY WERE ENTHUSIASTIC.

7 . ASKED (6H) [redacted] FOLLOWING: GIVIEN A SUCCESSFULL MEETING. WHO WILL HANDLE THE FOLLOW UP ON THE IRANIAN SIDE? THIS CAUGHT HIM BY SUPRISE AND HE SAID THT HE THOUGHT IT WOULD HAVE TO INVOLVE BOTH RAFSENJANI FROM LINE THREE AND SOME PEOPLE FROM LINE ONE. HE SAID GIVEN THIS HE THOUGHT IT ESSENTIAL THAT THE GROUP ALSO MEET WITH PEOPLE FROM LINE ONE WHICH HE COULD ARRANGE. AS AN ASIDEHE SAID THAT MUSAVI IS BIG PROBLEM IN THAT HE REALLY DOESN'T L LIKE YOU GUYS.

8. [redacted]

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9. WE TOL[redacted] THAT WE WANTED TO STRAIGHTEN OUT THE DIFFICULTIY OVER THE DIRECT PHONE CALLS TO [redacted] TOLD HIM THAT THE CALL WAS INSTIGATED BY [redacted] AND NOT US AND IN OUR REPLY WE TOLD [redacted] THAT WE CONSIDER THE DEAL TO BE AS ENUNCIATED IN FRANKFURT. [redacted] SAID THAT PROBLEM SOLVED AS IT WAS HE WHO TOLD [redacted] TO CALL US INDPENDENTLY TO CHECK ON HIM AND HIS HONESTY VIA ANOTHER CHANNEL. THUS ENDED THIS CONVERSATION.

10 THERE WAS SOMETHING IN HIS CONVERATION WHICH LED US TO BELIEVE HE INDICATED TWO TRIPS TO TEHRAN.

11. WE HAD TO LISTEN TO AT LEAST A HALF AN HOUR OF TALK ON HOW CAREFULL WE MUST BE IN DEALING WITH THESE GUYS AND HOW WE NEEDED SUCH A PERSON AS HIM TO GUIDE THE WAY HE KNEW HOW TO HANDLE THEM.

12. HE ALSO PROPOSED THAT WE USE PROFITS FROM THESE DEALS IN AND OTHERS TO FUND [redacted] WE COULD DO THE SAME WITH NICARAUGRA.

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CIIN #0251, page 2 of 2

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03 AUG 1984

MEMORANDUM FOR: C/NE/[redacted]
ATTN: [redacted]
FROM: Chief, [redacted]
SUBJECT: Fabricator Notice on Manuchehr GORBANIFAR [redacted]

1. This notice has been disseminated to the Department of State, the Defense Intelligence Agency, the Federal Bureau of Investigation and the U.S. Secret Service.

2. [redacted] will have it classified to File [redacted] (Paper Mills and Fabricators) and [redacted] coded to the Subject's [redacted] file.

[redacted]

Attachment as Stated

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1390

REVIEWED FOR RELEASE
Date 14 JAN 1987

CLIN. 0511

Nc Date

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REVIEWED FOR RELEASE
Date 14 JAN 1987

5122

Meeting with x Gorba [illegible]

1. One of key issues that came up which Gorba alleges made an understanding difficult was his missing reports to us. He said that he had turned over to adam a two page farsi report which listed all the the iranian demands and what they were prepared to do. he wrote the farsikreport because he wanted to be sure that he got everything right. he said that he also wrote a five page reportin english which was more detailed. these were supposeded to have been sent via dhl along wk with the parts list. Goode x told gorba that all he got was the parts list. gorba said that he wrote the reports on the plane from TGehran. he gave the reports to adam in london who said that he would send them to us. there seems to be only two conclusions either the xx reports don't exist. in whihc case maybe adam and gorba are playing games with u.s, or the reports exist and after reading them , adam decided that the demands were too great and we would not agree to them; therefore he shortstopped the reports.

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2. One of Gorba's most interesting offers was to offer us british passports for the trip. each one would cost 10,000 pounds. the passports would be genuine and the price includes a genuine drivers license and a bank account.

3 3. there was the problem of tne ~~venue~~. Gorba said that they can not ~~xxxxxxxx~~ recieve us in kish. the xxx problem is that the desalinizaion plant has borken down, the buldings have not been used since the revolution. Also, no planes have landed on the strip in two years. he said that a meeting on kish would place great logistical problems on them in tehran. [redacted] — B we greed to consider possiblity of tehran, but wanted them to re-examine kish and bandar -abbas. we said that plane must be with us for commo. gorba said that would be no problem. we also said that we would probalbly want to arrive in bandar abbas. for some reason, gorba insists that adam told him that we would be using [redacted] passports. we told him that this gave us some heartburn, but not to worry, we would take care of the documentation ~~if~~ even if it meant being white nigerians. gorba said that he will need some details on the plane, tail number registration etc. we told him it would be 707 and not traceble to ~~thexxx~~ to us. we will devise way of getting him the tail number.

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4. we discussed the schedule in some detail. we proposed arriving about 7-8 days after the money is deposited. this would give us time to have the planed load of spares positioned in europe. we then haggled for hours about what was included and what would be negotiated in tehran. we stuck to our position that once the release takes place we would order plane to launch and it should arrive in bandar abbas with 8 hours. it would then turn around and bring in the [illegible] spares. We are tentavilye committed to dleiver the 3,000 [illegible] about 10 days later. gorba pressed for new additions, the new batteries we said were no longer in inventoory. the radars [illegible] would discuss in theran as they would have to be shipped by ship anyway. gorba kept' insisting that we bring some of spares with us and we kept insisting that we wouldn't although a small sample is an option.

B

C11N 0513

5. they agenda for the discussion with the other side in tehran will include syria, afghanistan and the soviet union. we will give him a brief on the ussr on 4 april which he will convey to [redacted] and company

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in discussing the whoel transaction we insisted that he had to play the key role in making it all work. aftor long haggling , he agreed to presen the schedule to [redacted] as outlined by us. we have got take a present, in addition to korans, it might be a good idea to taek all the spare parts [redacted] one unit with us. and present this as a present. we told gorb[redacted] with them about the availablělity of functioning test and [redacted]ion equipment and the technical skill tol use the equipment. [redacted]

6. possibly the best indication that we might be getting somewhere is that towards the end, gorba began discussing his cut. goode told him that he could add on whatever he thinks irght for his cut to the final price. he said that he had spent 300,000 dollars already to grease the skids etc. he also discussed his scheme to use t he profits to support fghan rebels , etc. it would appear that he now feels that the deal is entering its final stages.

7. gorba stated that there is considerable pressure on the iranians to do something because the time frame within which they can deliver out friends. they feel that fighting is going to break out between the hizbullah and the syrian army at any time. groba insists that Iranian syrian relations are very bad at the moment and will definitely get worse. he claims that iran has stopped delivering oil to syria. believe he aid that deliveries stopped about 34 days ago.

8. gorba claims that the iranian side is devoting considerable time to this. the whoŀe thing is being masterminded by rafsenjani behind the scenes. if the transaction goes, the plan is to have khomieni issue a fatwa against the taking of hostages. they also have a large numbe of people they wish us to brief. [redacted] he warned us about the primeminister who may be our primary senior contact. he said that he and line w he represents do not like or trust us and we must be aware of this at all times. he thought there was a chance that rafsenjani would at some point put in an appearance, as he will be following everything close he on his own part will want us to meet with reps from the conservative line, particularly farisi.

9. it is still appraent that they have not given much thought to how a continuing relationship will be maintained. gorba tried to answer his but he was not able to cover up the basic truth that they hadn't gone that far yet.

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NC Date

B B

O'neil called [redacted] on 13 June at 1630 in the afternoon. O'neil opened the conversation by saying that we had heard from our friend that [redacted] wanted to talk to lus . [redacted] said that this was not true, but "our friend" had been pressing him to go -through with the deal.

O'neil [redacted] what we should do about the situation. [redacted] replied t did not know why we didn't complete the deal when in dubai. O'neil -interupted to state that he had a suggestion. We should first meet in Europe to makeksure there were no misunderstandings as happened before.- Then our gorup would go to Dubai at an agreed upon date. Upon arival in Dubai the four boxes would be turned over, then the rest of the spares would arrive and later dependeing on timeing the two xm Quties would arive. We would stay until everything was delivered. [redacted] said that the meeting wasx in Germany was not necces and that deal was unacceptable to them. He proposed that we arrive with the remaining 240 spares, then two -hostages would be truned over. when the two radars arrive, the two other hostages would be turned over.

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We haggled abit O'neil insisting on our deal and he insisteing on his. O'neil suggested that meeting in Germany was neccessary and [redacted] finally agreed that if really neccessary he would come. He parrried the request that the [redacted] also attend. He added that it would be very difficult to get away at this time.

B B

When discusing the possible trip to Dubai, [redacted] suggested that it was not neccessary for the chief to accompany group that comes.

H

Since discussion was getting nowhere, O'neil suggested that he was in position to decide on [redacted] insistance, and there for it best that O'niel confer with his superiors and [redacted] with his and O'neil will get back to him in one or two days. At the end [redacted] -stated that it should not be that we give such importance to who does what first, once this deal is completed there are meany important issues that we must discuss. He again insisted on the need of the US to ' demonstrate good faith.

B

O'neil asked if the hostages were now under their control because at one point [redacted] said that he did not know if their delegation was still in lebanon. [redacted] hestitated to answer [redacted] this one but said that they could get them. O'neil saidxthx "then they are in your hands " and [redacted] said they were(note O'neil doubts this is true).

B

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CIIN 0515

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Rafsenjani's coments on the Lebanon are pretty straightforward as

they pretty much square with the facts. The Iranian relationship with the Amal is probaly somewhat worse than he states and the realationship with the Hi[illegible] not as good as he claims.

Rafsenj[illegible]ments(the initial ones) on relations with the west are most [illegible]esting. This is the first time I can recall that a Iranian offic ial as senior as Rafsenjani has commented on U.S. by saying that we seek cordial and friendly relations and are working to establish better relations.

Rafsenjani's -rehash of american crimes later in the text is the standard bill of atonement for the United States. In reality this is pretty standard Bazaar barginining tactics. After rehashing "crimes", Rafsenjani states that Irank remains suspicious of the United States, But if it can be proved that they (US) no longer wanted to cause trouble, we can have relations with them.

It is almost as if he wants the bargining to begin.

With regard to the two factions, the political balance in Iran is probably more delicate thatn we had previously thought. Rafsenjani concedes that this is causing ktrouble, although he does not speciry in what areas. The factions that he refers to are the conservatieves and the radicals. The konservatives want the continuation of an Islamic republican government, but they want commerce to be by and large freee, not government controlled. They also advocate a more balanced foreign policy. The radical faction also propounds an islamic rebublican government, but is marxist as regards the economy. They also advocate a foreign policy more closely alighed to the eastern block. There is a third line whose intellectual leader is Mahdavi-Kani and who have less influcne in the government that either of the other two factions. They want to see the role of clerics in government diminished. THEY ALSO ADVOCATE A FREE economy and want Iran to lean to the west in its foreign policy. Despite their lack of direct influcne in the government, they are numerically strong.

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CIIN 0515 (page 2)

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SECRET SENSITIVE B

PHONE CALL WI[redacted] ON AUGUST 9, 1986 B

1. AFTE[redacted]S, [redacted] PROPOSED TO [redacted] THAT WE MEET IN EUROPE ON OR ABOUT [redacted]GUST. [redacted] ALSO PRESSED [redacted] TO PAY THE MERCHANT FOR THE RECE[redacted]PMENT AS SOON AS POSSIBLE SO THAT FUNDS WILL BE AVAILABLE FOR THE [redacted] STEP. [redacted] SAID THAT HE WAS WILLING TO MEET IN EUROPE, BUT DIDN'T CLA[redacted] WANT TO GET ONE OF THE REMAINING ACCOUNTS RELEASED AS SOON AS POS[redacted]LE? CL[redacted] SAID YES WE WANTED THIS TO HAPPEN SOONEST. [redacted] SAID THAT [redacted] THE [redacted] SHIPMENT ARRIVES, HE WILL TAKE STEPS TO HAVE THE ACCOUNT [redacted] IMEDIATELY. CLARKE THEN URGED [redacted] TO MAKE THE PAYMENT TO [redacted] AS SOON AS POSSIBLE. [redacted] SAID THAT THE INVENTORY OF THE LAST SHI[redacted] SHOULD BE DONE BY 11 AUGUST. HE WILL SEND A CHECK TO THE MERCHANT IMMEDIATELY AFTER THE COMPLETION OF THE INVENTORY. CLARKE ASKED [redacted] IF HE WAS CERTAIN THEY NEEDED THE 39 NUMBER 24'S BECAUSE OUR MILITARY DOESN'T USE THAT MANY IN 10 YEARS. [redacted] SAID THAT HE HAD CHECKED WITH THE "EXPERTS" AND THEY SIAD THAT THEY MUST HAVE THESE ITEMS.

2. [redacted] WAS IN A VERY GOOD MOOD AND SEEMED PLEASED THAT WE HAVE SUCCESSFULLY COMPLETED PART OF THE DEAL. HE INV[redacted] CLARKE TO DINNER SAYING THAT HE HAD GUESTS IN HIS HOUSE FOR DINN[redacted]AT EVENING AND WOULD BE GLAD TO HAVE CLARKE.

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RE D FOR RELE
Date 14 JAN 193

C11N 0519

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No Deal

1. O'neil contacted the [redacted] by phone per instructions at approximately 1445 hours on 22 June. The [redacted] said that he had called O'neil but that O'neil had not been at the number given. O'neil said that there was no problem as he had been informed of the call and he called back as soon as possible. It was just a question of O'neil not having been in the office.

2. Although there was a lot of talk one thing emerged and that is that the [redacted]'s people want to somehow go through with the deal. The initial part of the conversation was concerned with the enormous difficulties that dealing with us was causing them. The [redacted] emphasized that there are many people that oppose dealing with us. When O'neil asked if this was causing his group political difficulties, he confirmed that this was the case. His problem is that they must appear t have made a good deal. He pointed out that the previous release of the one person in return for the 1,000 had not left them in good oder as the 1,000 were not that important, and they had to return the other materials

3. O'neil stated that we were very much interested in the deal and a long term relationship between the two companies, but the chief of our company was insisting on the release of our embargoed 4,000,000 dollars before we delivered the remainder of 240 spares and then the two large boxes. What was interesting at this point is that the [redacted] did not say there could be no deal on this basis. He said that some fromula must be worked out whereby we can deliver what we promised at much the same time as they deliver the 4,000,000. For the first time he said that they needed political currency to deliver on their end. He stated that they have a serious problem with the 4 million in explaining why it is that they need it. This has been a serious problem in their negotiations with those that control the 4 million. When O'neil asked the direct question can they gain control of the 4 million , the [redacted] hesitated but said that this was within their capabilities. He said that if we had stayed in Dubai a few days longer they could have delivered 2 million immediately. He emphasized in answer to an O'neil question that they could not specifically say exactly when the 4 million would be transfered, but this was still in their power, despite the fact that the situation where the 4 million are held was continually deteriorating. The [redacted] urged that we try to do this deal as soon as possible, so that our two companies could have a meaningfull future relationsihp. O'neil said that he would call back at approximately the same time on 23 June.

4. The [redacted] continually spoke of the serious problems that trying to consumate this deal was causing him and his colleagues. He urged O'neil to contact the merchant to get all the details. He would try to contact the merchant immediately to provide as much backround as possible. The [redacted] on several occasions said that there were considereable forces arrayed against this deal and he considered himself in some danger. Most interesting note is that during this conversation the [redacted] insisted that they want to go through with deal. Although he bordered on the inarticulate at times, long pauses and some relapses into his old song and dance, he did not reject our position outright. O'neil's reccomendation is that we sit down and talk it out with him in in person, we may get more out of this than the transaction we are interested in.

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1404

UNCLASSIFIED

REVIEWED FOR RELEASE
Date 14 JAN 1987

TOP SECRET SENSITIV.   UNCLASSIFIED   No Data

Call to [redacted] — B on 30 June.
   1. This was a fairly lenthy call during which [redacted] continued to — B
harp on the Price of the 240 items. Sam told him that we had sent
a copy of the prices ~~thaxxthexMaxxhaaxxhadxxa~~ to the mercahnt. These
constituted the prices that the middlemen paid for the goods. [redacted] wanted
to -know if Sam had a copy so he could relate some of them to [redacted]. Sam sai
B — that he did not have a copy of the prices. During the course of
the conversation , [redacted] would inisist on discussing kpricing. He refused
to be stonewalled and said that he was under enormous pressure to get
some adjustment in the pricing. When Sam asked m about the Micro fiche
list. He confessed that he had not sent it but would on the morrow.
Th;is is some kind of indicator that such a list might not exisit.
However, he does have something and suspect it might be an old invoice.
He said that his superiors are shocked that the USG would seell them par
at black market prices. Sam -pointed out that he was buying from
B — the merchent. [redacted] was insistant that some th;ing must be done on
pricing as they were not prepared to h pay six times -pricing. .
   2. Sam told him that something must break soon as the Chief of our co — D
is fed up with the whole deal. He was must disturbed at the way our
delegation was handled in Dubai and is on the verge of corking off the
while deal. This did not seem to make a great impression on [redacted]. Sam als
B — said that he and Goode are in deep trouble for having recomended the dea
in the first place . [redacted] said that we were in no more trouble than he
was osn his end. Sam said that we were then all in the same trench toge
   3. At one point in the pricing argument, Sam pointed out that we do
not cheat on prices, were they displeased with the Volkswagons? when
— [redacted] kept insisting on some kind of break in the price, Sam told him that a
far as we were concerned they could buy the parts elsewhere. This deal
was set and it would have to go -through the mercahant.
   4. Toward the end of the conversation, [redacted] made a plea to Sam to do
something about the price if at all possible. He also extracted a promi
from Sam to call him back tomorrow.
B

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1405

UNCLASSIFIED

C11N 0517

REVIEWED FOR RELEASE
Date 14 JAN 19[illegible]

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12 JUL 86

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B

CALL TO THE [redacted] ON JULY 12, 1986 B

1. Sam called the [redacted] in response to a call from him. Nothing went th[illegible]gh, so finally Charlie gave him my home number when he called [illegible]in. When the connection was made, there was the ussual s[illegible] [redacted] started by saying that he had worked [illegible]n Sam [illegible]evious proposal and they were in agreement basicall[illegible] According [illegible] the [redacted] they will release one milion dollars, [illegible]en Goode and Sam will come to dubai and discuss the remainin[illegible]rrangements(note: this difers fom the original aggreement and the [illegible] agreement proposed by Sam which called for a meeting in Dubai o[illegible]fter th[illegible]l had been completed).

B

2. Aft[illegible] stated ad nauseum that he had had trouble contacting [illegible]se of damage to their commo, The [redacted] said that they are[illegible] prepared to release one account and they now have this capability. Sam SAID that this was an excellent develpment and proposed that they release the one account, then Goode and Sam will mmeet with him in Europe and work out the Scheduling details with him. Sam emphasized that the Chief of Sam's company is fed up and said that nothing will go down until one of our accounts is released. The [redacted] B emphasized that there is only one [illegible] problem remaining and that is the pricing. If this can be resol[illegible] the deal can go through. This is reason why he wants Sam and Goo[illegible]o come to Tehran to review the micro fiche with him. Sam told hi[illegible]t for this deal the pricing was not in our control. We sold the [illegible] to middle men who sold them to the merchant.

3. There was an interesting bi[illegible]he merchant. The [redacted] B asked if Sam had talked to the mer[illegible]t. Sam asked the [redacted] B when he had left Dubai as Sam had [illegible]yet heard from in. The B [redacted] was confused at this an[illegible]d that the merchant wasn't in Dubai. This indicates that the merchant is testing another channel and perhaps we should wait to hear what he has to say.

4. Conversation ended with [redacted] sayingwould persue Sam's proposal. Sam agreed to call him on 14 July.

B

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Date 14 JAN 1987

C11N 0518

17 JUNE6

~~TOP SECRET~~ UNCLASSIFIED

17JUN86. S=SAM [redacted]
(AFTER GREETINGS)

S-I TALKED WITH OUR OFFICIALS. THEY SAID THAT OUR DEAL MUST BE IN ACCORDANCE WITH THAT AGREEMENT WHICH WE WROTE IN DUBAI.

5117

[redacted]-YES.

S-. . AND THEY ARE NOT WILLING TO CHANGE IT.

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[redacted]-YES.

S- WHAT IS YOUR VIEW?

[redacted]-IF THAT AGREEMENT WHICH THEY WROTE UP HAD BEEN ACCEPTABLE, IT WOULD HAVE BEEN CARRIED OUT WHEN THEY WERE HERE. IT WAS NOT AGREED UPON. YOU WERE HERE ((AND KNOW)) THAT IT WAS NOT AGREED UPON.

S-YES. THAT'S THE REASON WE WROTE THAT AGREEMENT. WE ARE WILLING TO DEAL IN ACCORDANCE WITH WHAT WE WROTE. BUT IF WE COME AGAIN TO DUBAI, OUR FOUR MILLION MUST BE TURNED OVER TO OUR BANK THE SAME DAY THAT WE ARRIVE. THEN WE WILL DELIVER THE REST OF THE 240 IMMEDIATELY, AND THE TWO GHUTIS WILL COME A LITTLE LATER. AND WE WILL REMAIN IN DUBAI UNTIL THE TWO GHUTIS COME.

[redacted]-THIS IS NOTHING NEW. THAT'S WHAT YOU SAID BEFORE.

S-YES. YES. AND WHEN I TALKED WITH OUR OFFICIALS, THEY SAID THAT THIS IS HOW IT HAS TO BE.

[redacted]-AT ANY RATE, WHAT YOU'RE SAYING IS NOTHING NEW.

S- NO. IT HAS TO BE THE WAY I TOLD YOU BEFORE.

[redacted]-WELL, IF THAT'S THE CASE, I DON'T THINK WE'LL BE ABLE TO DO ANYTHING.

S-VERY GOOD. THEN IT'S UP TO YOU AND YOUR COMPANY ((COUNTRY)). IF YOU WANT TO CONTACT ME, I'LL GIVE YOU A PHONE NUMBER.

[redacted]-YES.

S-IN THE CITY WHERE I AM [redacted] PLEASE REPEAT.

[redacted] ((THE TWO MIDDLE DIGITS AS REPEATED BY [redacted] WERE INDISTINCT, BUT IT DIDN'T SOUND LIKE HE WAS SAYING [redacted]))

S- THAT'S RIGHT. AND MY NAME IS SAM O'NEIL.

[redacted]-HUH?

S-SAM O'NEIL. ((REPEATS SEVERAL TIMES. [redacted] HAS A HARD TIME UNDERSTANDING)) JUST GIVE MY NAME, AND I'LL CONTACT YOU IMMEDIATELY.

[redacted]-I'LL TELL YOU NOW AS MUCH AS I KNOW. YOU WANT US TO DO SOMETHING FOR YOU. YOU DO SOMETHING FOR US. WHEN YOU HAVE DONE THIS THING FOR US, WE'LL DO SOMETHING FOR YOU.

S-FINE. I KNOW. I MEAN, I UNDERSTOOD YOUR POSITION VERY WELL. YOU TOLD ME THAT SEVERAL TIMES BEFORE. BUT THE OFFICIALS WERE SAID THAT IT HAS TO BE THIS WAY, AND THEY ARE NOT WILLING TO CHANGE THEIR MINDS.

[redacted]-THEY ARE WILLING ((FEW WORDS MSD))?

Classified by NSA/CSSM 123-2
[redacted]

CUO.0592

~~TOP SECRET~~ UNCLASSIFIED

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S-YES, YES. YOU MUST CONFER WITH THE OFFICIALS THERE, AND IF THEY CHANGE THEIR MINDS, CONTACT ME. PLEASE.

[redacted] FINE.

S-GOODBYE.

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C11D0592

NO Date (5)

UNCLASSIFIED

Cave to [redacted]B

- CAVE-[redacted] microfiche ([redacted]D claims he has)
  CAVE believes Iran obtained
  - Have old records and compared prices
  - unprepared to pay this much
  - Tehran does not trust the merchant. believes Merchant has grossly inflated prices
  - Price list sent to merchant
  - Deal must go down early
    -- upset to way delegation treated in Paint Tango
  - Call tomorrow - [redacted]
  - [redacted]B Will call merchant tonight
  - Big hangup over prices
  - Said he would send microfiche to A for our review
  - Fixation on price

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Exhibit 1-A
CAVE

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7/10/86
N 2396

MEETING WITH [redacted] JULY 10, 1986

1. [redacted] initially described his sources. He stated that he reads all Iranian newspapers that he can get his hands on and also listens to radio broadcasts. He also talks to exiles, sees a lot of Iranians who travel back and forth to Iran, maintains sporadic contact with former colleagues who remain in Iran, but perhaps His most important source of information are the representatives of important Iranians who travel abroad on business. [redacted] can not return to Iran.

2. Like all Iranians, [redacted] groups Iranians into pat divisions. He says that Rafsenjani heads one group, Khameni'i another and a third group known as the third line is headed by seyyed Mehdi Hashemi. This is the real radical group which supports terrorism, etc. [redacted] said that there are two other groups worth mentioning, Bazergan's people and another group(ask about this one). [redacted] says that Montazari is dominated by Rafsenjani and once khomeini dies will be Rafsenjani's point man. [redacted] said tat Rafsenjani and Khameni'i are both brilliant men and will cooperate after Khomeini's death. Rafsenjani now effectively controls the Sepah-i-Pasdar through Mohsen Reza'i. Khameni'i has been resisting the move to incorporate the military into the Pasdars.

3. Sam and Abe told [redacted] that there was an interest on the part of the USG in trying to use trade to gradually re-establish relations with Iran. Sam and Abe planned to capitalize on the trade part using contacts in the USG with whom they will coordinate their actions. This of course requires a political decision at the highest level of the Iranian government. [redacted] said that he is certain that the vast majority of senior Iranians want to re-establish some degree of political relations with USG with the single exception of the third line pople. [redacted] said that the current problem is that Khomieni would oppose and such action as long as he lives. Groundwork can be done and [redacted] said that he can explore establishing [redacted]. His conact with [redacted] is [redacted] suggested that at some time we consider sending in a non-American to do some contacting after ground work has been done.

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Exhibit 2-A

Item #88
RK III 7/2/87

CAVE

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11 Jul 86

N 2398

MEETING WITH [redacted] ANDS ALBERT HAKIM ON 11 JULY 1986

1. This meeting uncovered some interesting access. Sam first ask [redacted] said that he had cleaned up his report a copy of which he passed to sam. He said that if we had further questions he had the ability to get the answers. Sam said he would take a look at the report and get back to him.

2. [redacted] said that their were two channels into Hasemi Rafsenjani. proposed to discuss with us the best of these two channels. [redacted]

3. **Hakim spent a lot of time explaining to** [redacted] that he wanted to **get some legitimate business** with Iran for Cover purposes. He was willing **to sell Medicinals** at cost or on a credit **basis** with up to a year to pay if he could get some other benifit out of it. [redacted] suggested oil sales to the US which he was in a position to arrange for fob $8.20 a barrel. Sam suggested rice since the USG was subsidizing the export of rice at prices far below the going world quotes. There was a question as to whether Oil wa embargoed. During the course of the meeting, [redacted] **said quite frankly** that he wasn't going to do this for nothing and Hakim told him that if anything goes through he would get a good commission. Hakim told Sam that he planned to pursue these matters with [redacted] no matter what we decided. He has also set up a private polygraph for [redacted] on Monday.

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by K. Johnson National Security Council

Exhibit 3-A
CAVE

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

Non-Log

N 3903

August 5, 1986

~~TOP SECRET~~

MEMORANDUM FOR THE RECORD

SUBJECT: Operations Sub-Group (OSG) Terrorist Incident Working Group (TIWG) Meeting

The OSG met on Tuesday, August 5, from 1:30-2:45 p.m. with LTCOL Ollie North, Ambassador Bob Oakley, Richard Armitage, LTGEN John Moellering, Charlie Allen, Dewey Clarridge, Buck Revell, and Craig Coy attending. The following topics were discussed:

[redacted]

__Hostages:__ There was a lively discussion on the next steps to take on the remaining hostages. The discussion touched on the possibility of Kuwaiti releasing the Da'wa seventeen and the conditions that would lead to that action. [redacted]

Revell raised the concern that we may be acting inconsistently with the President's policy of no negotiation and that it would not be in our best interest.

Armitage questioned what our policy should be and whether we should bargain for the hostages.

Moellering asked whether the President felt pressure to get the hostages. North responded that he has a personal sense of obligation and that the President had instructed North to get them out.

[redacted]

~~TOP SECRET~~
Declassify: OADR

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under provisions of E.O. 12356
by B. Reger, National Security Council

3448

[illegible]
201-1666

Page N3904 denied in its entirety.

UNCLASSIFIED

UNCLASSIFIED

Notes on Dissem concerning Iran's view that it can not win a war with Iraq. Their nee for an "honorable Peace," and their fear that the upcoming offensive may not be successfull.

EXHIBIT
CAVE

N 2866

1. Iran now concludes that it can not win a war with Iraq. The economic infastructu can no longer support the effective waging of the war against Iraq. In addition Iranian logistics are in a shambles. There are also political reasons which dictate the quick c clusion of a peace with Iraq. About 2 years ago the iranians began loöking at the rebuilding of Iran after a peace with Iraq is concluded. In a postwar world, Iran would have to do some re-arming of their military. They would also have to rebuild the industry and economy. 1 Since both the military and the economy are western oriented, it is imperative that they imporve relations with the west. [redacted]

5825

Partially Declassified/Released on 26 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

2. The Iranian government wants to conclude peace with Iraq, but has a problem in tha it must be able to present the end of the war as a "victory" for Iran. Were this not to be the case, the moderate and conservative factions in the government would be victimized by the radical wing, which would attempt to dominate the government. The fear of the moderates and conservaties is that this would upon up Iran to increased Soviet influence. In order to present the Iranian people with a xxxxxxx"victory," the Iranians have planned one last offensive. THe purpose of this offensive is to gain enough territory togive the Iranians a strong bargining position. In the past two months considerable doubt has arisen within the higher echelons of the Iranain government as to whether Iran can reasonably expect to 1 make any sizeable gains by launching such an attack. They are critically aware of the tremendous price they will have to pay in human lives, because of the well prepared Iraqi defenses and the fire power superiority of the Iraqis. [redacted]

UNCLASSIFIED

Page N 2867
denied in its
entirety

Exhibit 5-A (CAVE)

UNCLASSIFIED

August 20, 1986.

Extracts from the Farsi 7 page report of [redacted] dated 8-12-86

N 2804

Partially Declassified/Released on 6 Jul 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

4 [redacted]

Name: [redacted]
Age: [redacted]
Place of birth: [redacted]
Education: [redacted]
Marital Status: [redacted]

[redacted] He claims having good contact with most factions. [redacted]

B. General picture of the political status (the different groups)

1. Number one man with absolute power continues to be Khomaini. He personally supervises the work of all group leaders.

2. After his death [redacted] could reach an agreement with Montazeri's group, they will be successful. [redacted]

UNCLASSIFIED

1512

2

3. [redacted]

N 2805

C. Relation (or lack of it) of U.S./Iran.

A number of people at different occasions contacted different numbers of the Iraninangovernment (in foreign countries) trying to create some kind of relation between the two countries (more or less along the line which we are pursuing). No results.

[redacted]

9. And [illegible]
The Iranians have reacted to Gen. Brown's letter to Israel forbidding them from sales of [illegible]

D. [redacted] recommendations:

1. Do not try to contact [redacted] prematurely this will endanger him for positioning himself in the government.

2. Gain Iranians' trust by supporting them in:
    a. The Hague
    b. Military Aid
    c. Intelligence

UNCLASSIFIED

BEST AVAILABLE COPY

GEORGE CAVE
Exhibit
6-A

DENIED in Full

(2 pages: N2799-N2800)

5826

Exhibit 7-A (CAVE) **UNCLASSIFIED** Chapter 14, Footnote 14

9/8/86

8 Sept 0 2395

1350 - Call from Sam
- Australian called despite
- Asked for pentagon acc. data
- Going to see Casey now.

1430 - Call from Fred Smith
Re Abrego & Honey
- Amended complaint
2 paragraphs re

[illegible] - Call from Charlie
- Casey to call JWP
- Gates impatient
- [redacted] caller to Gen
- 4 times Sat.
- 2 times today.

Partially Declassified/Released on [illegible] under provisions of E.O. 12356 by R. [illegible], National Security Council

4418

UNCLASSIFIED

1530 - RIG (w)
- [illegible] has no [illegible] $100m is to be spent
- Pastora:
  - believes we will pay off his debts if we cooperate
  - $365K claimed
  - Calero, Espinosa, de Chamorro + Pastora could be a viable collaboration + cabinet.
  - Put Pastora on "Pay as you go" basis for certain political [illegible]

Exhibit 8-A (CAVE)

TOP [redacted]/NOFORN/NOCONTRACT/[illegible]

UNCLASSI

ntral Intelligence
Washington, DC 20505

Partially Declassified/Released on 6 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

National Intelligence Council

10 September 1986

MEMORANDUM FOR: Director of Central Intelligence

FROM: Charles E. Allen
Director, Hostage Location Task Force

SUBJECT: American Hostages

* 1. I met with Ollie North last night at his office on American hostages. Ollie had just returned from a meeting with John Poindexter on the same subject.

2. Poindexter has given Ollie new guidance on the American hostages, namely:

- [redacted]
- Ollie is to continue to develop links to the Iranian Government through Albert Hakim and Dick Secord of Stanford Technology Associates. (Hakim, as you are aware, has links to the [redacted] C [redacted] The [redacted] pparently is attempting to arrange for Ollie and George Cave to meet with Rafsanjani, presumably with the next shipment of arms to Tehran.)
- Ghobanifar will be cut out as the intermediary in future shipments of cargos to Iran, if at all possible. To cut Ghobanifar out, Ollie will have to raise a minimum of $4 million.
- If there is no other channel for financing future arms shipments, then Ghobanifar will be used as a last resort.

3. Ollie is greatly relieved by Poindexter's decisions because he feared that John and the President would shut down completely this back channel to Iran because of the kidnapping yesterday of Frank Reed. [redacted]

— Reed released immediately

Charlie
Charles E. Allen

1688

CL BY [redacted]
DECL OADR

UNCLASSIFIED

TOP SECRET[redacted] [illegible]

Exhibit 9-A
(CAVE)

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON D.C. 20506

Non-Log

N 9099

~~TOP SECRET~~

October 2, 1986

SENSITIVE

ACTION

(N 2816)

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Next Steps with Iran

[redacted] called Dick this morning to advise that he had just returned from Beirut and would very much like to meet with us in Frankfurt, Germany, on Monday, October 6. He indicates that he has "good news" regarding the hostages and that he wishes to get past the "obstacle" as quickly as possible. An appropriate travel approval is attached at Tab I.

George Cave is taking a well-deserved "mini-vacation" in Rome. We are telling all callers that he is in the hospital for tests on his back. In accord with [redacted] request, the U.S. side would be represented by: Sam O'Neil, Copp, and Goode.

did

This meeting also affords us the opportunity to deal with the issue of Israeli cooperation. Nir has been calling daily (often several times) urging that we get on with the process in our "joint venture." He constantly cites his September 10 meeting with you as the basis for proceeding urgently. Because we have not told him about our intention to pursue the [redacted] first, he continues to encourage Ghorbanifar to raise the requisite funds for another delivery. Ghorbanifar, in turn, has a frequent dialogue with [redacted] in this regard. All of this tends to create confusion among the various participants and an unnecessary OPSEC vulnerability. We need to act now to reduce the number of channels into the Iranians (at least on a temporary basis) and clarify various roles and missions. [redacted]

We (Cave, Clarridge, [redacted], and Copp) believe that we should move promptly on both fronts as follows:

-- [redacted] O'Neil, Copp, and Goode meet with [redacted] in Frankfurt on Monday, October 6. [redacted] has indicated that he has an internal consensus on how to proceed with regard to the hostages "obstacle." He has said that he will bring with him to this meeting "one of the officials we met with in

~~TOP SECRET~~
Declassify: OADR

UNCLASSIFIED

845

SENSITIVE

N CHRON 12/15

Declassified/Re[redacted] 12 May 1987
under provi[redacted] 12356
by B. Re[redacted] Cour

(N 9100
(N 2817), etc

Tehran" and has asked that we bring with us a definitive sample of the intelligence we had discussed when he was here. Based on this, we believe that [redacted] may well accompany [redacted] You will recall that [redacted] request for intelligence was very specific (the details were forwarded to you via PROFs). While the sensitivity of providing this information is well-recognized, it must also be noted that intelligence was given a higher priority by [redacted] than any other assistance we could provide. In the Casey-[redacted]-Cave-North meeting we had with you after [redacted] departed, we all agreed that it was unlikely that providing such information would change the course of the war. Further, we all recognized that the information need not be accurate and that it was highly perishable given the dynamic nature of the conflict. In short, we believe that a mix of factual and bogus information can be provided at this meeting which will satisfy their concerns about "good faith" and that we can use the "perishible argument as an incentive for the Iranians to accept a CIA communications team in Tehran. As before, we would not leave any documents with the Iranians, but will provide an exposition during which they could take detailed notes. Director Casey needs to be told to prepare the intelligence for handcarry to the meeting.

[redacted] has said he is bringing a Koran for the President. As a reciprocal gesture, we have purchased a Bible which we would present to [redacted] for him to take back to Tehran with him. Given our earlier discussions (see transcript), it would be very helpful if the President would inscribe a brief note citing a particular biblical passage (Tab III) in the front of the Bible. This particular excerpt is important in that it is a new testament reference to Abraham, who is viewed by Moslems, Jews, and Christians as the progenitor of all the world's nations. It would be most effective if the President hand wrote the inscription and initialed/signed it without addressing the note to any particular person.

-- Nir: When Amiram was here, we made a conscious decision not to apprise him of our near-term efforts with Rafsanjani's [redacted]. We did inform him earlier of the contact and he continues to inquire regarding the status of this initiative. Meanwhile, lacking guidance to the contrary, Nir has sought to stimulate further activity between Ghorbanifar and [redacted]. This has resulted in [redacted] calling directly to George's home and office several times daily and considerable confusion regarding why we have not accepted the [redacted] Ghorbanifar "offer" to purchase the remaining HAWK spare parts and 500 TOWs.

UNCLASSIFIED N 9101

~~TOP SECRET~~ 3 SENSITIVE

From an operational perspective, the current communications arrangements are a command and control/OPSEC nightmare (Tab II). Nir essentially controls our access to both [redacted] and Ghorbanifar and, thus, we often find ourselves reacting to his well intentioned efforts. We believe that we now have an opportunity to change the relationship in such a way that Nir is placed in a supporting role rather than acting as a primary source of control. We also recognize that Israel's participation in this activity is both politically and operationally important. In altering Nir's status, we need to do so in such a way that he and those officials in his government who are cognizant continue to perceive that this is still a "joint venture."

In order to accomplish the objectives outlined above, we propose that on Saturday, October 4, Copp would fly to Tel Aviv and meet with Nir. At the meeting, Copp would use the talking points at Tab IV. In an effort to ameliorate Nir's angst over his "new status," we urge that the letter at Tab V to Prime Minister Peres be signed by the President. If you agree, we need your approval of the talking points at Tab IV and a Presidential signature (real or autopen) on Tab V by 3:00 p.m. Friday, October 3.

The steps above are designed to give us a chance to make the new relationship through the [redacted] function without destroying the Ghorbanifar [redacted] channel. We would, in effect, put Ghorbanifar [redacted] on "hold" until we see what [redacted] produces. Please note that when Copp briefs Nir in Tel Aviv on Saturday, he will not reveal that he is enroute to Frankfurt to meet [redacted]. Given [redacted] strong antipathy toward the Israelis and our uncertainity as to whether or not he knows that Nir (aka Miller) is Israeli, we would tell Nir on Sunday night that we were going to a hastily arranged meeting with [redacted] which he (Nir) will be unable to make due to lack of connecting flights to Frankfurt.

[redacted] has already told us, that shortly after the October 6 meeting, there will be a follow-on meeting of the "joint committee" in which [redacted] will be a participant. Unless we are convinced that the Iranians would recognize Nir as an Israeli, we would intend to invite Nir to this follow-on meeting.

A memo from you to the President has not been prepared for obvious reasons. It is hoped that between now and 3:00 p.m. Friday you will have an opportunity to privately discuss this with the President and obtain his approvals/signatures on the steps indicated above.

~~TOP SECRET~~ UNCLASSIFIED SENSITIVE

UNCLASSIFIED N 9102

~~TOP SECRET~~ SENSITIVE

RECOMMENDATIONS

1. That you initial the travel authorization sheet at Tab I.

Approve ____ Disapprove ____

2. That you tell Director Casey to prepare an appropriate intelligence package by Saturday, October 4, for the meeting with [redacted] on Monday (departure Sunday evening).

Approve ____ Disapprove ____

3. That you have the President inscribe the attached Bible with the passage at Tab III (a card is paperclipped at the appropriate place in the Bible)

Approve ____ Disapprove ____

4. That you approve the talking points at Tab IV for use by Copp with Nir on Saturday, October 4.

Approve ____ see ? Disapprove ____

5. That you obtain a Presidential signature on the letter to Prime Minister Peres at Tab V.

Approve ____ Disapprove ____

Attachments
- Tab I - Travel Authorization Sheet
- Tab II - Diagram
- Tab III - Bible (for Presidential inscription)
- Tab IV - Copp Talking Points
- Tab V - Presidential ltr to PM Peres

UNCLASSIFIED

~~TOP SECRET~~ SENSITIVE

UNCLASSIFIED

DATE: October 3, 1986

1. TRAVELER'S NAME: Mr. William P. Goode

2. PURPOSE(S), EVENT(S), DATE(S): Official travel to Frankfurt, GE, on Monday, October 6, to meet with our contacts regarding the current situation in the Middle East.

3. ITINERARY (Please Attach Copy of Proposed Itinerary):

10/5 Depart 8:00 p.m. Dulles Airport PanAm #60
10/6 Arrive 9:20 a.m. Frankfurt, GE
10/7 Depart 12:45 p.m. Frankfurt, GE PanAm #61
10/7 Arrive 4:40 p.m. Dulles Airport

DEPARTURE DATE Sun, Oct 5 RETURN DATE Tues, Oct 7

TIME 8:00 p.m. TIME 4:40 p.m.

4. MODE OF TRANSPORTATION:

GOV AIR___ COMMERCIAL AIR XX POV___ RAIL___ OTHER___

5. ESTIMATED EXPENSES:

TRANSPORTATION $1872.00 PER DIEM XX OTHER___ TOTAL TRIP COST___

6. WHO PAYS EXPENSES: NSC XX OTHER___

7. IF NOT NSC, DESCRIBE SOURCE AND ARRANGEMENTS: N/A

8. WILL FAMILY MEMBER ACCOMPANY YOU: YES___ NO XX

9. IF SO, WHO PAYS FOR FAMILY MEMBER (If Travel Not Paid by Traveler, Describe Source and Arrangements): N/A

10. TRAVEL ADVANCE REQUESTED: $ 0.00

11. REMARKS (Use This Space to Indicate Any Additional Items You Would Like to Appear on Your Travel Orders):

12. TRAVELER'S SIGNATURE: W P. Goode

13. APPROVALS:

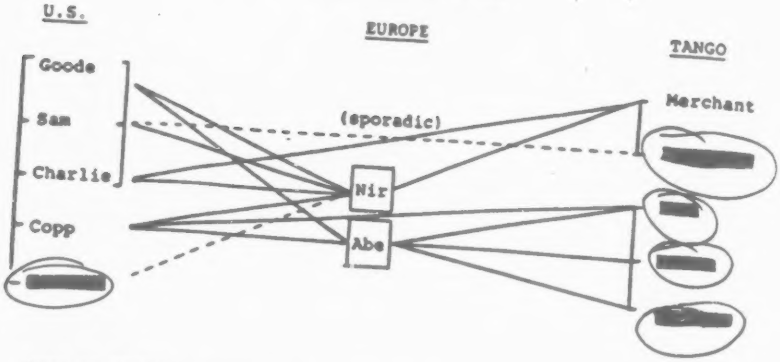
UNCLASSIFIED

~~TOP SECRET~~ UNCLASSIFIED

September 30, 1986

N 9104

COMMUNICATIONS NETS



From an OPSEC perspective, there are too many channels into (and out from) the U.S. We can't hope to have this many players speak with one voice -- no matter how "good" they are individually.

Recommendation: Pare the U.S. communicators down to no more than two individuals (who either compare notes directly each day, or report to a common supervisor); e.g., Sam and Copp, who both report daily to North. Cut Charlie, [redacted], and anybody else out. Have them stop communications cold turkey (to support cover story of A-[redacted] channel being blown, rolled up, and finished).

~~TOP SECRET~~
Declassify: OADR

UNCLASSIFIED

UNCLASSIFIED N 9105

INSCRIPTION BY PRESIDENT:

"And the Scripture, foreseeing that God would justify the Gentiles by faith, preached the gospel beforehand to Abraham, saying, 'All the nations shall be blessed in you'.

Galatians 3:8"

UNCLASSIFIED

UNCLASSIFIED N 9106

"And the Scripture, foreseeing that God would justify the Gentiles by faith, preached the gospel beforehand to Abraham, saying, 'All the nations shall be blessed in you' Galatians 3:8"

Ronald Reagan
Oct. 3 1985

UNCLASSIFIED

~~TOP SECRET~~ UNCLASSIFIED SENSITIVE

INSTRUCTIONS TO COPP FOR MEETING WITH NIR

Saturday, October 4, 1986
Tel Aviv, Israel

N 9107
(N 2827)

You will have with you a letter from President Reagan to Prime Minister Peres thanking Mr. Nir for his courageous assistance to our mutual cause. You should initiate this discussion by presenting him with a copy of the letter and asking for his advice on delivering the original.

The objective of this discussion is to improve our control of events in this joint effort to establish a strategic relationship with Iran. The talking points below are intended to establish the parameters of your discussion and are designed to elicit further cooperation:

-- ADM Poindexter has directed that I see you regarding our current Ghorbanifar [redacted] channel and discuss with you ways in which we can move together to accomplish our mutual objective -- a strategic relationship with Iran.

-- [redacted]

-- We believe that the first new hostage (Reed) was probably taken by elements other than Hizballah -- although they may have him in their hands now.

-- We think that [redacted] may have believed that he could bring additional pressure to bear on us to commence further deliveries by seizing another hostage (or hostages).

-- Quite the contrary is true. The President is adamant that we will not move forward on this channel until we resolve the new hostage issue.

-- We are also concerned that the two new hostages (or at least Cicippio) represents a clear violation of the "understanding" we have had with the Iranians on anti-U.S. terrorism since June of last year.

-- We do not want to engage in a process that results in new hostages just to bring "pressure to bear." Nor will we continue this process if, when the current hostages are released, more are taken, simply to elicit further deliveries of arms.

~~TOP SECRET~~
Declassify: OADR UNCLASSIFIED SENSITIVE

[redacted]

UNCLASSIFIED (N 2828)

~~TOP SECRET~~ 2 **SENSITIVE**

N 9108

-- Aside from this very strong policy objection to continuing, we have, as you know, had repetitive financial and communications difficulties with Ghorbanifar. While we could debate as to whether or not Ghorbanifar had received all that was due him by the Iranians, the most important factor is potential OPSEC risk.

-- In an effort to "keep things moving," Ghorbanifar has made commitments in our name which are patently beyond our ability to meet. This has resulted in increased expectations on the part of the Iranians.

-- We know [redacted] that neither [redacted] nor other Iranian officials in Tehran trust Ghorbanifar. [redacted]

-- Finally, both of us know that [redacted] himself, is not intellectually astute enough to realize the importance of our contact nor the sincerity of our desire to establish an official government-to-government relationship.

-- In short, this channel is not serving our mutual objective: the reopening of a strategic relationship with Iran.

-- The President has directed that we will not proceed with any further receipt of funds from Ghorbanifar nor deliveries to [redacted] until we resolve these issues.

-- Several months ago, I apprised you of a contact with the [redacted] of Rafsanjani. The USG decided to pursue this contact to determine its validity.

-- We are confident that [redacted] the man I met with in Brussels, is indeed Rafsanjani's [redacted] and that he has been franchised to act as a liaison between the U.S. and Iranian governments.

? -- When Prime Minister Peres was in Washington last month, the President assured him that we are going to continue this effort as a joint project.

-- I have been instructed to seek out a second meeting with [redacted] as soon as it can be set up and that I will act as the U.S. intermediary until we establish direct contact with government officials from our side.

~~TOP SECRET~~ UNCLASSIFIED **SENSITIVE**

N 9109
(N 2829)

-- Once we have established direct USG contact with the [redacted] we intend to introduce you into this process under the same conditions as obtained when you went to Tehran with us.

-- Based on my one initial meeting with [redacted] and the intelligence we have been able to collect, we believe that this contact may well prove to be the one that both your government and mine have been seeking.

(Remember Nir has been told that you "came upon" [redacted] as a consequence of looking into the possible diversion of TOWs through [redacted] during an investigation undertaken in late July/early August.)

-- While we explore the sincerity of [redacted] and confirm his ability to speak for the Iranian government, we want to keep the Ghorbanifar/[redacted] channel on "hold."

-- To that end, we have told Sam -- who is in the hospital -- he is to contact [redacted] and tell him that:

- there must be a meeting with [redacted] before we proceed any further;
- the issue of the two new hostages has become a strong, negative factor in proceeding at all;
- this matter (the two new hostages) must be resolved before we will take any further steps for any further deliveries;
- the problem is not the merchant and his financing, but rather the two new hostages;
- contrary to what he [redacted] may expect, there will be no further deliveries until we have met and resolved this matter;
- we have asked [redacted] to meet with us in Frankfurt on October 9 -- we do not yet have an answer.

-- I intend to meet with [redacted], somewhere in Europe or Turkey, hopefully this week. I will then report back to Washington on my findings and a follow-on meeting will be set-up -- in which we will attempt to have you included.

-- I want to caution you, however, that in my meeting in Brussels [redacted] indicated that he and others in Tehran are aware that you are an Israeli -- and knew it when you went to Tehran.

(N 2830)

-- Neither of us want this contact, if it is indeed what I think it to be, to founder because of this.

-- I have been instructed to find a way to have you in the meeting in which Goode and Sam will serve as the USG representatives.

-- If my meeting with [redacted] this week goes well, I would expect that all of us could meet with him next week.

-- In the interim, if [redacted] does indeed agree to meet with us under the conditions we have established, we should proceed with that meeting.

Approved ____________

Document

N9111 (N 2831)

Deleted in

its Entirety

19659 **UNCLASSIFIED**

A

1. They transfer money to our account.

2. We deliver 500 Tows.

3. Cop and Sam help them prepare a plan with which they can approach the Kuwaitis in which they promise no terrorism and no fomenting fundemtatlists against the regime. They will show this to Hizbullah as their own work and tell them will present this to the Ku[illegible] in return for release of some of the 17 on an appropriate religious holiday. Hi[illegible] will have to agree to this.

4. 2 hostages released within 4 days of tow delivery. If only one released, ~~we~~ everyth[illegible] changes and we meet again.

5. we repeat funding and delivery as in one and two above.

6. We send tech support for Hawks and updated intel. Secure commo team and provide for them the location and availabity of things on their lists.

7. Iran does utmost to obtain the release of all other hostages.

Note; 6 and 7 will be based on a subsequent [redacted]

ABOVE ARE 7 POINTS ARRIVED AT DURING THE 19-20 SEPT, 1986 M[illegible]TINGS IN WASHINGTON.

C

UNCLASSIFIED

Partially Declassified/Released on 29 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5820

[redacted]

CAVE Ex. #10A

CLIN 3962

Exhibit 11-A

UNCLASSIFIED

[redacted]

CAVE

86-4468A
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I 0187

THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Council

14 October 1986

DCI

Attached is a memorandum on problems that I see with our initiative towards Iran. Also included are a number of recommendations that I believe should be implemented to prevent this initiative from floundering. I have not consulted with other individuals involved on the US side, nor have I discussed it with Ollie. If you require further background, please let me know.

Charles E. Allen
NIO/CT

Partially Declassified/Released on 8 July87 [illegible]

[redacted]

THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Council

14 October 1986

DDCI

Attached is a memorandum on problems that I see with our initiative towards Iran. Also included are a number of recommendations that I believe should be implemented to prevent this initiative from floundering. I have not consulted with other individuals involved on the US side, nor have I discussed it with Ollie. If you require further background, please let me know.

UNCLASSIFIED

Charles E. Allen
NIO/CT

1926

Objectives of the Program:

- In the short term to resolve the American hostage problem in Lebanon, through the offices of Iran, to include

  return of all presently held American hostages, and

  cessation of hostage-taking;

  and to accomplish this without jeopardizing our public policy of non-negotiation with terrorists and hostage-takers.

- In the longer term to establish contacts within the Iranian Government that might test the possibility of:

  bringing about a change in the regime in Iran (or its attitudes), thereby

  establishing gradually a rapprochment between the United States and Iran.

- Ultimate, Strategic Objectives remain an alliance which provides:

  containment of the Soviet Union on a crucial flank and preventing their move toward the middle east;

  [redacted] counterweight to Arab themes in the Middle East;

  [redacted]

Problems with the Program:

For over a year the US Government -- using private and Israeli intermediaries -- has tried to resolve the hostage crisis by treating with Iranian officials; the long-term goal of eventually restoring a strategic relationship has remained in the background. The principal intermediary has been Ghorbanifar, and the principal official has been [redacted] In return for the shipment of American arms to Iran, the release of two American hostages was achieved.

UNCLASSIFIED

I 0189

Because the Ghorbanifar[redacted] channel, was viewed as slow and unreliable, the White -- encouraged by Secord and Hakim -- has turned to a new channel. The new channel (C) involves an individual purporting [redacted] direct contact to Rafsanjani, Speaker of the Majlis and second most powerful man in Iran.

- The [redacted] is accepted as genuine -- although his influence with [redacted] Rafranjani and his delegated authority are less clear.

[redacted]

There have been two covert meetings with [redacted] one here and one in Europe. Another meeting is scheduled for the first week in November.

- While the tone of the meetings has been generally positive, the bargaining has been tough and the negotiations difficult; closure remains elusive.

A problem that now confronts us is the B disposition of the first channel, from Ghorbanifar to [redacted]. This first channel has never been shut down in a way that would limit the damage to the overall initiative. Specifically, Ghorbanifar claims he was never compensated for some of the arms shipped to Iran, arms for which he arranged the financing.

- Ghorbanifar and his creditors, including Adnan Khashoggi, appear determined to recoup their "losses", even at the risk of exposing US covert arms shipments in exchange for release of our hostages.

We have a festering C sore for which no treatment has been prescribed. [redacted] has demanded that the Ghorbanifar-[redacted] channel be shut down. Indeed, [redacted] C claims already to have coopted [redacted]

B

- C [redacted] stated that he, and ostensibly Rafsanjani, had approved of the way [redacted] had proceeded → B heretofore. Notwithstanding, [redacted] has spoken of "eliminating" [redacted] sometime in the future. C

Ghorbanifar appears to be harassed by his creditors, some of whom already have brought the problem to the attention of the DCI and Senators Leahy, Cranston, and Moynihan.

UNCLASSIFIED

- Ghorbanifar claims to have secreted, for "insurance purposes", documentation of events which have transpired so far. | 0190

Given this, the major elements of this initiative are likely to be exposed soon unless remedial action is taken. There is no indication that the White House has a plan to prevent the exposure or a plan to deal with the potential exposure.

The Ghorbanifar [redacted] channel must be shut down in a way that contains potential damage to the United States.

Background:

When the initiative began, National Security Advisor MacFarlane wanted to establish a channel to factions within the Iranian Government with which the United States might eventually deal, and which might secure incidentally the release of the American hostages in Lebanon.

Israeli officials like David Kimke put the White House in contact with Ghorbanifar. Working with Jacob Nimrodi and other Israeli entrepreneurs, Ghorbanifar introduced US intermediaries like Michael Ledeen to key Iranian officials influding [redacted] Ghorbanifar also established a direct link to [redacted] Prime Minister's Office. A series of meetings ensued with negotiations sometimes appearing highly positive, sometimes near-disastrous. B

- One hostage was released in September, 1985, as a result of this channel.
- A breakdown ocurred in Geneva, in late November 1985, when the Iranians accused the other side of knowingly delivering the wrong version of Hawk missiles to Tehran -- an accusation we believe and for which we blame Nimrodi, if not Ghobanifar.

Progress appeared dramatic in May 1986 when a US delegation led by MacFarlane secretly visited Tehran. The results, however, were disappointing. The Iranians were not prepared to deal directly with so high level a delegation. Still, another hostage was released subsequently, in late July.

Another channel, potentially more promising, was just then opening up through private efforts by Albert Hakim and Dick Seccord. Through a London representative of the Iranian Government, [redacted] a meeting was held in late August in

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Brussels with [redacted] [redacted] This, in turn, led to two meetings between the C [redacted] and US officials, one meeting in Washington, the other in Frankfurt.

1 0191

Ghorbanifar's Alleged Financial Straits:

The Ghorbanifar-[redacted] channel is technically "on hold." Clearly, however, it is being supplanted by the Hakim-[redacted] channel -- a fact reportedly known by [redacted] and presumably by Ghorbanifar.

The arms transactions in which Ghorbanifar and [redacted] figured required that Ghorbanifar provide the financing. The US required money in advance of any arms delivery while Tehran, previously burned by other would-be arms providers, demanded shipment before payment. Thus, it fell to middle-man Ghorbanifar to arrange the financing.

Ghorbanifar, working with Adnan Khashoggi, got some Canadian investors to lend $15 million to finance the shipment of Hawk spare parts to Iran. Khashoggi put up collateral to cover at least part of this loan. The interest on the $15M, repayable in 30 days, was 20%. Ghorbanifar, then, would have to pay a minimum of $18M. These financial arrangements were made at the end of April -- before MacFarlane's visit to Tehran.

Since the loan was agreed to, Ghorbanifar claims to have been paid only $8M. He agrees that he received $4M at the end of July follwing the release of Father Jenco. He claims, without proof, that only $3M can be applied to repayment of the loan, the other $1M being related to a separate transaction [redacted] with [redacted]. Ghorbanifar admits to receiving $5M two or three weeks later, but that no additional funds have been forthcoming.

- He states he has been able to repay about $8M to his creditors, including $6M to one financier -- of which $1M was interest.
- He states, too, that he paid other financiers $2M for interest charged.

Ghorbanifar asserts that he now has a $10-$11 million shortfall that he cannot meet. The creditors are becoming angry and have demanded additional interest because the principal is overdue. Ghorbanifar claims to be under tremendous pressure and feels financially discredited.

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- Ghorbanifar's financial situation is murky, indeed. [redacted] has claimed that he paid Ghorbanifar an additional $8M in cash, an assertion that cannot be validated.

Regardless of who is cheating whom -- and we are not likely to be able to sort out these confused finances -- we face a situation where operational security has been forgotten and no one is prepared to deal with the issue.

Rapprochment with Iran:

The broader, strategic objective has become subordinated to the tactical matter of the American hostages in Lebanon. Notwithstanding, we have obtained useful insights into the factious government of Iran.

- [redacted] for example, has focussed on long-term US economic investment in Iran, in addition to arms supply.

We have not yet developed a viable plan of action to utilize this information. Talk about geo-strategic relations is cheap and easy; hard options on how to accomplish this are harder to come by.

The Ghorbanifar-[redacted] Channel:

Ghorbanifar is depressed and claims his financial situation has been damaged. On several occasions, he has said he would not sit idly by and permit himself to be made the "fall guy" in this matter. He claims to have given written accounts of all that has transpired to several persons in America and Europe. X He has directed these individuals to make this material available to the press in the event that "something bad" befalls him. We believe this account would include statements to the effect that:

- the Government of the United States sold military materiel to the Government of Iran in order to gain the release of American hostages in Lebanon;
- a high-ranking US delegation met in Tehran with representatives of the Iranian government in order to discuss the future relations between the two countries, with various cooperative ventures discussed;

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- the US Government made several promises to him (Ghorbanifar) that it failed to keep; and,
- the Government of the United States, along with the Government of Israel, acquired a substantial profit from these transactions, some of which profit was redistributed to other projects of the US and of Israel.

ok?

There is also likely to be material alleging poor judgement and shabby conduct by individuals of the US and Israeli governments.

I 0193

[illegible]

We face a disaster of major proportions in our efforts with Iran despite the apparent promise of the Hakim-[redacted] channel. Too many know too much, and exposure, at a minimum, would damage the new channel badly, perhaps fatally.

- Rafsanjani cannot permit himself to be seen as dealing directly with the "Great Satan"

[illegible]

- It is clear from [redacted]'s comments that he does not have total control over the Lebanese Shia holding the American hostages.

Because the risk of exposure is growing daily, the following actions are recommended:

(A) Establish a Senior-Level Planning Cell at the White House to focus on the potential for rapprochment with Iran, the appropriate channels to be used, and the separation of the tactical hostage issue from the long-term strategic objective.

This group could consist of two or three experts and should be headed by someone with the stature of a Henry Kissinger, a Hal Sauders, a Don Rumsfeld, or a Dick Helms.

The group should have access to all data concerning the ongoing initiative(s), including White House records [redacted]

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(B) Develop Press Guidance in the Event of an Exposure. We have no coordinated press guidance on how to deal with the Iranian initiative should it be exposed publicly. Press guidance must be prepared now. At least one, possibly two major US journalists have bits and pieces of the hostage story and know that Ghorbanifar was involved in it.

- The Israelis have exposed some of this.
- Khashoggi and the Canadian financiers are complaining to influential US individuals.

We could soon have an incredible mess on our hands and damage [illegible] in an orderly, systematic manner.

I 0194

(C) Effect [redacted] a Orderly, Damage-limiting Shutdown of the Ghorbanifar[redacted] Channel. It is unlikely we could totally discredit any revelations by Ghorbanifar; he has too much documentary evidence that implicates US officials.

- [illegible]
- Perhaps we can engage Ghorbanifar otherwise, in non-hostage-related projects -- say, in the area of Iranian, Libyan, and Syrian sponsored terrorism.

A small working group [redacted] of those knowledgeable of the Ghorbanifar[redacted]channel should meet to consider how to cope with this problem. Clearly, there are some personal things that can be done for Ghorbanifar, for example:

- Arrange permanent alien residency for his girl friend in California.
- Arrange for visas for his family so they can visit relations in the United States, and so his mother can obtain medical treatment here.

These steps will not alleviate Ghorbanifar's financial problems -- regardless of their merit -- but may dispose him more kindly to the US Government and lessen his inclination to expose the Iranian initiative.

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Chapter 14, Footnote:
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10/8/86

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8 October, 1986
Evening until midnight

[redacted]. Iran would pay to Mr. Hakim the price of 500 TOW [redacted]iles],--and if so desired--the Hawk parts that remain from [redacted]ous agreement.

[redacted] Nine [redacted]ng days later--should Iran agree--five h[redacted] TOW'[redacted]ell as Hawks together with donated medicines w[redacted] to Iran.

[redacted] fulfilling the provisions of paragraph number 4, Alb[redacted] submit the plan for the release of the Kuwaitis [17 persons].

4. One and one-half American hostages in Lebanon (one with certainty and possibly two through persistent effort) [sic] to be released from the Lebanese through Iran's effort, (3-4 days after the delivery of the cargo mentioned in paragraph 2).

5. Throug[redacted]ethod for opening of credit to be studied by Albert and [redacted] tomorro[redacted]ght: Five hundred TOW missiles with a maximum [redacted]e hundred launchers to be delivered to Iran within [redacted] days after fulfilling the provisions of paragraph [redacted] Iran will pay for 1500 TOW's (500 received and [redacted] future ones). And the 1,000 TOW's will [redacted]elivered to Iran within nine days.

6. The United States sh[redacted]tart and implement the technical support (both in g[redacted]and expertise) for Hawks as well as the rejuvenation of [redacted]ary information [intelligence] and maps and special communi[redacted]n. And it [the U.S.] will submit to Ir[redacted]price sch[redacted] and time table for the delivery of [redacted] items.

7. Prior [redacted] of [redacted] to Tehran, the question of Muslim (Shi'a) prisoners in [redacted]on and the process for their release by the parties involved shall be discussed with Secord.

8. Iran shall pursue its efforts for the creation of [proper] background for the release of other hostages.

9. Steps to be taken for the submission of items mentioned in parag[redacted] 6, second sentence.

END

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SECRET

THIS IS FIRST DRAFT OF 9 POIN[redacted]ERE SUBSEQUENT REFINEMENTS WHICH ARE [redacted]NLY AVAILABLE AT THE NSC.

C11N 3961

UNCLASSIFIED

Location Registry 19653

Partially Declassified/Released on 4/26/88 under provisions of E.O. 12356 by B. [illegible], National Security Council

Exhibit 11-B
CAVE

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N 05

Objectives of the Program:

- In the short term to resolve the American hostage problem in Lebanon, through the offices of Iran, to include

    return of all presently held American hostages, and

    cessation of hostage-taking;

  and to accomplish this without jeopardizing our public policy of non-negotiation with terrorists and hostage-takers.

- In the longer term to establish contacts within the Iranian Government that might test the possibility of:

    bringing about a change in the regime in Iran (or its attitudes), thereby

    establishing gradually a rapprochment between the United States and Iran.

- Ultimate, Strategic Objectives remain an alliance which provides:

    containment of the Soviet Union on a crucial flank and preventing their move toward the middle east;

[redacted]

Problems with the Program:

For over a year the US Government -- using private and Israeli intermediaries -- has tried to resolve the hostage crisis by treating with Iranian officials; the long-term goal of eventually restoring a strategic relationship has remained in the background. The principal intermediary has been Ghorbanifar, and the principal official has been [redacted] In return for the shipment of American arms to Iran, the release of two American hostages was achieved.

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Partially Declassified/Released on 12 May 1987
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by B. Reger, National Security Council

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Because the Ghorbanifar [redacted] channel, was viewed as slow and unreliable, the White House -- encouraged by Secord and Hakim -- has turned to a new channel. The new channel involves an individual purporting to be [redacted] of Rafsanjani, Speaker of the Majlis and second most powerful man in Iran.

- [redacted] is accepted as genuine -- although his influence with [redacted] and his delegated authority are less clear. [redacted] apparently is well-connected [redacted]

There have been two covert meetings with [redacted] one here and one in Europe. Another meeting is scheduled for the first week in November.

- While the tone of the meetings has been generally positive, the bargaining has been tough and the negotiations difficult; closure remains elusive.

A problem that now confronts us is the disposition of the first channel, from Ghorbanifar to [redacted] This first channel has never been shut down in a way that would limit the damage to the overall initiative. Specifically, Ghorbanifar claims he was never compensated for some of the arms shipped to Iran, arms for which he arranged the financing.

- Ghorbanifar and his creditors, including Adnan Khashoggi, appear determined to recoup their "losses", even at the risk of exposing US covert arms shipments in exchange for release of our hostages.

We have a festering sore for which no treatment has been prescribed. [redacted] has demanded that the Ghorbanifar-[redacted] channel be shut down. Indeed [redacted] claims already to have coopted [redacted]

- [redacted] claimed the home and office of [redacted] had been "bugged", his communications with Ghorbanifar (and US persons) monitored. [redacted] stated that he, and ostensibly Rafsanjani, had approved of the way [redacted] had proceeded heretofore. Notwithstanding [redacted] has spoken of "eliminating [redacted] sometime in the future.

Ghorbanifar appears to be harassed by his creditors, some of whom already have brought the problem to the attention of the DCI and Senators Leahy, Cranston, and Moynihan.

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- Ghorbanifar claims to have secreted, for "insurance purposes", documentation of events which have transpired so far.

Given this, the major elements of this initiative are likely to be exposed soon unless remedial action is taken. There is no indication that the White House has a plan to prevent the exposure or a plan to deal with the potential exposure.

The Ghorbanifa[redacted] channel must be shut down in a way that contains potential damage to the United States.

Background:

When the initiative began, National Security Advisor MacFarlane wanted to establish a channel to factions within the Iranian Government with which the United States might eventually deal, and which might secure incidentally the release of the American hostages in Lebanon.

Israeli officials like David Kimke put the White House in contact with Ghorbanifar. Working with Jacob Nimrodi and other Israeli entrepreneurs, Ghorbanifar introduced US intermediaries like Michael Ledeen to key Iranian officials [redacted] Ghorbanifar also established a direct link to [redacted] A series of meetings ensued with negotiations sometimes appearing highly positive, sometimes near-disastrous.

- One hostage was released in September, 1985, as a result of this channel.
- A breakdown ocurred in Geneva, in late November 1985, when the Iranians accused the other side of knowingly delivering the wrong version of Hawk missiles to Tehran -- an accusation we believe and for which we blame Nimrodi, if not Ghobanifar.

Progress appeared dramatic in May 1986 when a US delegation led by MacFarlane secretly visited Tehran. The results, however, were disappointing. The Iranians were not prepared to deal directly with so high level a delegation. Still, another hostage was released subsequently, in late July.

Another channel, potentially more promising, was just then opening up through private efforts by Albert Hakim and Dick Seccord. Through [redacted] representative of the Iranian Government [redacted] a meeting was held in late August in

Brussels with [redacted] Majlis Speaker Rafsanjani. This, in turn, led to two meetings between [redacted] and US officials, one meeting in Washington, the other in Frankfurt.

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- a high-ranking US delegation met in Tehran with representatives of the Iranian government in order to discuss the future relations between the two countries, with various cooperative ventures discussed;

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- the US Government made several promises to him (Ghorbanifar) that it failed to keep; and,
- the Government of the United States, along with the Government of Israel, acquired a substantial profit from these transactions, some of which profit was redistributed to other projects of the US and of Israel.

There is also likely to be material alleging poor judgement and shabby conduct by individuals of the US and Israeli governments.

Recommendations:

We face a disaster of major proportions in our efforts with Iran despite the apparent promise of the Hakim [redacted] channel. Too many know too much, and exposure, at a minimum, would damage the new channel badly, perhaps fatally.

- Rafsanjani cannot permit himself to be seen as dealing directly with the "Great Satan".

Exposure would make any movement on the hostages difficult, if not impossible.

- It is clear from [redacted] comments that he does not have total control over the Lebanese Shia holding the American hostages.

Because the risk of exposure is growing daily, the following actions are recommended:

(A) Establish a Senior-Level Planning Cell at the White House to focus on the potential for rapprochment with Iran, the appropriate channels to be used, and the separation of the tactical hostage issue from the long-term strategic objective.

This group could consist of two or three experts and should be headed by someone with the stature of a Henry Kissinger, a Hal Sauders, a Don Rumsfeld, or a Dick Helms.

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- Khashoggi and the Canadian financiers are complaining to influential US individuals.

We could soon have an incredible mess on our hands and damage limitation must be addressed now in an orderly, systematic manner.

(C) Effect an Orderly, Damage-limiting Shutdown of the Ghorbanifar[redacted]Channel. It is unlikely we could totally discredit any revelations by Ghorbanifar; he has too much documentary evidence that implicates US officials.

- Hakim has suggested that means be found to "buy off" Ghorbanifar.
- Perhaps we can engage Ghorbanifar otherwise, in non-hostage-related projects -- say, in the area of Iranian, Libyan, and Syrian sponsored terrorism.

A small working group of those knowledgeable of the Ghorbanifar[redacted]channel should meet to consider how to cope with this problem. Clearly, there are some personal things that can be done for Ghorbanifar, for example:

- Arrange permanent alien residency for his girl friend in California.
- Arrange for visas for his family so they can visit relations in the United States, and so his mother can obtain medical treatment here.

These steps will not alleviate Ghorbanifar's financial problems -- regardless of their merit -- but may dispose him more kindly to the US Government and lessen his inclination to expose the Iranian initiative.

Allen's testimony dates this 86-10-24

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CAVE Exhibit 12-A

Washington, D.C. 20505

NO DATE

MEMORANDUM FOR: Vice Admiral John M. Poindexter, USN
Assistant to the President for
National Security Affairs

SUBJECT: Roy Furmark's Comments on the Hostage Situation

I 0195

1. Charles Allen and George Cave went to New York on 22 October 1986 to meet with Roy Furmark. This was an extremely interesting meeting in that it revealed that the financial backers of Ghobanifar have been aware of the operation since its inception and may actually have played a key role in getting it moving, possibly for altruistic reasons, but almost certainly for their own profit. Roy himself admitted several times during the evening that profit was certainly a motive but that the group did see their efforts as leading towards stability in the region and the release of the hostages. Roy appeared to be very open during the course of the evening and everything he told us tracked with what we know. The only doubtful answer he gave was in ✓ reply to a question as to whether some of the principals were involved in the sting operation. Roy said that none of the principals were involved, however, one of the players, lawyer Samuel Evans, was the major indictee and is free on $4.5 million bond. Roy claims that Evans owes him $200,000.

2. Khashoggi has been involved in this from the beginning as Ghobanifar's financier. Everything started in January 1985 with a meeting in Europe, Frankfurt apparently, involving Ghobanifar, Khashoggi, Roy, and others. This was followed up by subsequent meetings in Paris and London. These meetings culminated in a meeting in August 1985 in Tel Aviv. Roy went to Tel Aviv with Ghobanifar and while there they stayed with Nimrodi in his house. During the course of these meetings, Roy met Amiran Nir. At this meeting it was decided that it was necessary to get Washington's approval for the overall plan. There were two basic objectives; one, get release of the hostages, and two open up a dialogue with Iran. Schimmer was sent to Washington to obtain this approval. Roy is uncertain as to whether he discussed this with North or MacFarlane in Washington. Ghobanifar also made a total of four trips to Washington. Ghobanifar represents the line held by the Prime Minister which Roy describes as "Moderate." (We did not tell him that the Prime Minister could not be considered as Moderate.) By way of personal relationships, Roy

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under provisions of E.O. 12356
by B. Reger, National Security Council

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said that he has known Khashoggi since 1966 and trusted him. Roy added that Schimmer and Khashoggi are close. Roy thinks this points up Khashoggi's breadth of vision. Roy pointed out that Schimmer had actually returned from a visit to China to make the August meeting.

3. The first transaction was in September 1985 and was for 500 TOWs. The cost of the TOWs was $5 million. Khashoggi put up the money because he believes in Ghobanifar. The cost to Iran was $6 million. This allowed for $1 million to cover profit and expenses. The first shipment of TOWs was defective, so a second shipment was sent. There was a subsequent $5 million deal that went off in the November-December timeframe. Khashoggi told Roy that they were not involved, but Roy is certain that this was a Khashoggi/Ghobanifar organized deal.

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4. Roy said that prior to the next deal, there was a meeting in the Paris airport hotel; he forgets or never knew exactly who was involved in this meeting. The meeting concerned Hawk spare parts. The deal for the Hawk spare parts began to be put together in April 1986. Khashoggi raised $15 million to cover the deal $5 million from an Arab financier, and $10 million from two Canadians. Khashoggi raised the money on 15 May. A group of Americans went to Tehran and took with them seven percent of the Hawk spare parts which consisted mainly of nuts and bolts. With regard to this deal, the financiers, Ghobanifar, and Nir met and agreed that $3 million would be added to the price to cover profit and expenses and also another $2 million would be added to cover monies owed to Nir. The price to the Iranians would then be $20 million. (Why did Ghobanifar charge $24.5 million and with Nir's knowledge?) Neither Roy nor the financiers apparently know anything about the raise in the price by Ghobanifar, although they are aware that the Iranians objected strenuously to the price. Ghobanifar told Roy and Khashoggi that he believed the bulk of the original $15 million price tag was earmarked for Central America. In this regard, Ghobanifar told Roy that he was relieved when the $100 million aid to the Contras was passed by Congress.

✓

5. The above requires clarification. In Tehran, Ghobanifar took Cave aside and told him that the Iranians would be questioning him about the price of the Hawk spare parts. Ghobanifar told Cave to insist that the price of $24 million old dollars is correct. When asked about the huge jack up in price, Nir gave a long circumlocution on why the price of over $24 million was correct. We were so concerned about this that we considered telling Ghobanifar exactly how much he could charge on any subsequent deals. From Roy's comments, it is clear that the 20 percent interest Ghobanifar told us about is in fact the gross profit margin agreed upon.

6. Roy said that Ghobanifar told them that he received two payments, one for $3 million and the other for $5 million. As originally agreed upon, the Arab investor was supposed to get back $6 million for his cut and the Canadians would get back $11 million. The other $1 million was to go to Khashoggi. Ghobanifar's cut was to come out of the $1 million. To the $8 million that Ghobanifar received, he added $100,000 of his own funds. The Arab investor was paid off ($5 million). The two Canadians received $1.1 million. Roy was not sure but ~~presumably the~~ $2 million went to Nir.

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Originally, the Canadians were given a check by Khashoggi in the amount of $11 million to cover the $10 million they provided Khashoggi. The monies to cover the Hawk shipment were paid into an account of a company called Lakeside which is an off-channel company. The Canadians believe that the money was stolen and this is giving Khashoggi heartburn. (Note: This does not square with what we know. We know that Ghobanifar received $4 million from the Iranians in July. He also received $8 million into his Swiss bank account on 21 August. These two payments were cash. He may also have received a check for $6 million in between these two payments. The Iranians raised a big stink about the price of the Hawk spare parts and Ghobanifar offered them a $6 million deduction. According to [redacted] the $8 million payment on 21 August squared their accounts with Ghobanifar by mutual agreement. In fact, according to [redacted] $7 million covered the remainder of the deal, the other million was to help Ghobanifar finance the next deal.)

7. Roy's suggested solution to the problem is to let Ghobanifar handle the shipment of the remainder of the Hawk spare parts. Proceeds from this deal would allow them to ease the Canadian pressure. Then it would be 500 TOWs for one hostage and another 500 TOWs for a second hostage.

Sincerely,

William J. Casey

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UNCLASSIFIED C 4019

24 February 1987

CAVE

[illegible]

MEMO[illegible] The Inspector General

FROM: George W. Cave
Near East and South Asia Division

SUBJECT: [illegible] Conversation with [redacted]

The Farsi conversation on tape eight, side bravo, is a recording of Cave's November 25th call to [redacted] in which Cave proposes a meeting in Europe in which a senior State Department officer will also participate. The exact time and place of the meeting to be set in a future phone call. [redacted] only comment was that [illegible]he meeting we give them a briefing on the "atmosphere" in [illegible]ington.

George W. Cave

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Partially Declassified/Released on 24 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

WARNING NOTICE
INTELLIGENCE SOURCES
OR METHODS INVOLVED

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Exhibit 14-A
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12/12/86
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Chapter 14
Footnote 304

UNCLASSIFIED

The Director of Central Intelligence
Washington, D.C. 20505

Natio[illegible]igence Co[illegible]

NIC 05623-86
12 December 1986

MEMO[illegible]M FOR: Di[illegible]r of Central Intelligence
[illegible] Director of Central Intelligence

FROM: [illegible]rles E. Allen
National Intelligence Officer for Counterterrorism

SUBJECT: Terms of Reference for Cave/Dunbar Discussions

1. The terms of reference (TOR) approved by Armacost for the Cave/Dunbar iscussions with the Iranian Revolutionary Guard leader [redacted] in rankfurt—if implemented—will effe[illegible]y shut down the Iranian initiative. n the TOR, the Department makes it [illegible] that this channel can only be used or the exchange of intelligence, no[illegible] any other substantive exchanges. ince there is little that we can pa[illegible] the Iranians—other than ntelligence on the Soviet threat—t[illegible]anians are unlikely to find this of ich interest, given their almost to[illegible]bsorption with Iraq. From the tone f the TOR, it is clear that the Depa[illegible]t is very narrowly defining what onstitutes an intelligence exchange.

2. Unless the Department has a w[illegible]efined alternate strategy and other able channels to pursue, closure o[illegible] link would be premature and a rious mistake. We have reason to believe that this channel runs directly to fsanjani and that it probably is relatively reliable. It has been strumental in securing the release of one American hostage and, given the lividuals involved, may be key to effecting the release of additional stages. The individuals with whom we have been dealing, moreover, clearly it rapprochement with the United States. They recognize that Iran has been nomically devastated by the war and that it will require Western financial port and technology to recover.

3. I believe it is imperative that the TOR be modified t[illegible] hanges on issues broader than intelligence and that a des[illegible]ate icer should participate in these discussions. No one qu[illegible] State ing the lead in the Iranian initiative, but acceptance o[illegible] S[illegible]TOR, as rently constituted, would essentially end any useful di[illegible] wi[illegible]an for foreseeable future.

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Charle[illegible]llen

CIIN 4033

CL BY [redacted]
DECL OADR
[illegible] ORCON

Executive Registry 18055

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c 09533

Material Not relevant to time period.

UNCLASSIFIED

18,224-18,228

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~~[illegible]~~

- believe we can help (after obstacles go) [redacted]

U.S. PROPOSAL

CAVE

EXHIBIT 15A

1) Iran provides funds for 500 TOWs
and remainder of Hawk parts

) Within 9 days we deliver parts + TOWs (500)
plus medical supplies.

) All American hostages released

) Iran provides funds for 1500 TOWs

5829

) Within 9 days we will deliver
- 1500 TOWs
- Technical support for Hawks
- Updated intelligence on Iraq
- Communications team

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under provisions of E.O. 12356
by K. Johnson, National Security Council

) Iran will then
- Release Pattis
- Return body of Buckley
- Provide copy of Buckley debrief

) U.S. will then
- Identify sources for other items on list

UNCLASSIFIED

UNCLASSIFIED [redacted] Exh 4c

AS.

BY US

- LIST WILL BE SEEN AS
  DISENGENUOUS, IE, DISHONEST
- US INTERESTS ARE ONLY STRATEGIC
- HOSTAGES ARE OF NO VALUE
  TO IRAN
- US ALREADY PRESSING KUWAIT;
  WILL NOT TIE THIS TO US
  HOSTAGES
- AS I SAID IN BRUSSELS,
  US WILL FIGHT RUSSIANS IN
  IRAN IN CASE OF INVASION
  WITH OR WITHOUT GOV'T OF
  IRAN ASSISTANCE.
- WE WILL COOPERATE TO
  DEPOSE S. HUSSEIN.

[redacted]

UNCLASSIFIED

CAVE Ex. #16A [redacted] UNCLASSIFIED

Translation by Albert Hakim of

the Farse Original of the "9 Points"

Note: The date is the 16th day of the 7th month of the Iranian year which I believe corresponds to 8 October 1986, but needs to be checked. It also indicates the discussions started in the afternoon and lasted until late at night.

Summation of Us and Hakim

1. Iran provides funds to Mr. Hakim for 500 TOWs and, if willing, Iranians will provide for the Hawk spare parts which remain from the previous agreement.

2. Nine working days from now the 500 TOWs and the Hawk spare parts (if accepted by Iran) and the gifted medicines will be delivered to Iran.

3. Before executing Item 4 below, Albert will provide the plan for the release of the Kuwaitis (17 persons).

4. 1 1/2 (1 definitely and the 2nd with all effective possible effort) American hostages in Lebanon, through the effort of Iran, will be released by the Lebanese.

*5. Using the Letter of Credit method, (three to four days after delivery of shipment stipulated in Item 2) additional 500 TOWs (together with a maximum of 100 launchers), within four days after the execution of Item 4 above, will be delivered to Iran. The method of Letter of Credit will be reviewed between Albert and ________________ by tomorrow night. Iran will pay the funds for 1500 TOWs (the 500 TOWs mentioned above plus an additional 1000 TOWs) and the 1000 TOWs will be delivered to Iran within nine days.

6. The United States will start with the technical support of the Hawks (material and know-how), update of the military intelligence and maps, establishment and commissioning of the special communication link.

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by K. Johnson, National Security Council

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Exhibit 17-A
(CAVE)

Chapter 14, Footnote:
09341
C ~~[illegible]~~1
10/8/86

UNCLASSIFIED

8 October, 1986
Evening until midnight

[illegible]. Iran would pay to Mr. Hakim the price of 500 TOW [mis]siles],--and if so desired--the Hawk parts that remain from [illegible]ous agreement.

2. Nine [illegible]ng days later--should Iran agree--five h[illegible]red TOW'[illegible]ell as Hawks together with donated medicines wi[illegible] to Iran.

[illegible]o fulfilling the provisions of paragraph number 4, Alb[illegible]l submit the plan for the release of the Kuwaitis [17 persons].

4. One and one-half American hostages in Lebanon (one with certainty and possibly two through persistent effort) [sic] to be released from the Lebanese through Iran's effort, (3-4 days after the delivery of the cargo mentioned in paragraph 2).

5. Through a method for opening of credit to be studied by Albert and [redacted] tomorrow night: Five hundred TOW missiles with a maximum [illegible]e hundred launchers to be delivered to Iran within [illegible] days after fulfilling the provisions of paragraph [illegible] Iran will pay for 1500 TOW's (500 received and [illegible] future ones).
And the 1,000 TOW's will [illegible]elivered to Iran within nine days.

6. The United States sh[illegible]tart and implement the technical support (both in g[illegible]and expertise) for Hawks as well as the rejuvenation of [illegible]ary information [intelligence] and maps and special communi[illegible]n. And it [the U.S.] will submit to Iran the price schedule and time table for the delivery of [redacted] items.

7. Prior to return of [redacted] to Tehran, the question of Muslim (Shi'a) prisoners in Lebanon and the process for their release by the parties involved shall be discussed with Secord.

8. Iran shall pursue its efforts for the creation of [proper] background for the release of other hostages.

9. Steps to be taken for the submission of items mentioned in parag[illegible] 6, second sentence.

E N D

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S E C R E T

THIS IS FIRST DRAFT OF 9 POIN[illegible] THE[illegible]ERE SUBSEQUENT REFINEMENTS WHICH are [illegible]nly AV[illegible]ABLE AT THE NSC.

C11N 3961

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Executive Registry 19653

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Exhibit 18-A
(CAVE)

UNCLASSIFIED

NIC 05060-86
3 November 1986

MEMORANDUM FOR: Director of Central Intelligence

FROM: Charles E. Allen
National Intelligence Officer for Counterterrorism

SUBJECT: Frankfurt Meetings

C.

1. Bud MacFarlane's trip is becoming known. [redacted]) said [redacted] asked him about Bud's visit. The problem stems from the radicals around Montazari taking action. They have convinced him that this was bad for Iran. Interestingly enough, it turns out that Ghobanifar told Montazari about all the transactions and kept him briefed on what is going on. C It turns out that Ghobanifar and Montazari have been friends for 15 years. [redacted] said that the reasons for the failure of the Bud trip were several. One was that the trip had not been fully coordinated at the senior level. One of the problems was Ghobanifar's presence in Tehran and the role he played. Most people do not trust him, but he has convinced [redacted] that he has a lot of influence in the United States. [redacted] has a lot of faith in Ghobanifar. The other problem was Amiran Nir's presence in Tehran. [redacted] told them who he was in order to cover his backside. [redacted] argued that since Ghobanifar [redacted] he was someone that they should use. From [redacted] comments, C [redacted] was given to believe that Ghobanifar was quite a powerful man. With further regard to Ghobanifar and his threats, Rafsanjani has proposed inviting him back to Iran and keep him there several months working on things. They can keep him based on the fact that there is an order for his execution. [redacted] C said that they do owe Ghobanifar $10 million, but he also owes them 1,000 TOWs. The problem for us is that he has been involved in many deals and we do not know how to judge this statement.

2. [redacted]

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CL BY [redacted]
DECL OADR

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3. Ollie North said that since the beginning of the talks we have taken certain political actions. We have talked to [redacted] and pressured them into curtailing arms sales to Iraq. We have opened discussions with the [redacted] [redacted] said that there were four issues that he wished to bring up for discussion, but first he wanted to say that Khomeini has issued a decree in which he states his considered opinion that the hostages are prisoners. This has changed the attitude of the Lebanese captors. [redacted] said that they wish to table the following points for discussion:

A. How to proceed with our relations, and relations with other states in the area.

B. Want to arrive at a joint understanding as to why things are proceeding so slowly.

C. He wants to explain and clarify his own role in the operation.

D. He wants both sides to engage in an analysis of the security of the operation.

4. [redacted] On our side we explained the US position in seeking better relations with Iran. In this instance we stated that with regard to the 9-point program, we were moving as fast as possible and they must also move fast, too. [redacted] said that he has full trust in the group he is dealing with and wants to explain the problem of coordinating things in the Iranian Government. We must understand that this is a new revolutionary government. After Khomeini, it is like a corporation. There are three wings in the government. One wing is the fanatic wing (Tondro). This wing is actually divided into two groups, one of which is extremely fanatic and the other which is less so. The second group is the Middle Roaders. Rafsanjani is the leader of the Middle Roaders. This group functions as the bridge between the fanatic group and the right wing group. The right wing group leans towards the West in the sense that they want free trade and a democratic government. What must be understood is that all three groups are strongly Islamic and want an Islamic government although all three approach this differently.

5. [redacted] said to understand the government process, we must know that Khomeini has given to Rafsanjani the responsibility for managing the war and foreign affairs. This is why he is usually referred to as the number two man. When [redacted] first brought up the issue of better relations with the US, Rafsanjani agreed, but said that all groups must take part. [redacted] Rafsanjani insisted that representatives from all three groups should take part in this program. After considerable debate in the cabinet and also the Majlis, a position was reached and [redacted] took it up with the Imam who gave his approval. Rafsanjani's position is that

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ATTN #0266

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if the policy succeeds, all will share. On the same hand ff it fails, all will also share so no one can complain. The problem is one of coordination between these three groups. [redacted] stated that the last shipment of TOWs eliminates the [redacted] channel and establishes his group. [redacted] said that the Iraqi information was very well received in Tehran. This enables them to force the cabinet to focus on the hostage situation. There is, however, some confusion in Tehran.

[redacted] 6. The problem of Montazari. [redacted] They, of course, were unaware that Ghobanifar had been keeping him briefed all along. [redacted]

7. [redacted] there is a small group of extremely fanatical Hizballah [redacted] This group is small, very radical, and united. They published a newspaper in which they revealed that the United States and Iran are cooperating in getting the hostages released. C [redacted] said that at the moment they have no hard information on who took the other two hostages, but he suspects that it could be this radical Hizballah group.

8. In one of his many asides to Clarke, C [redacted] said that he was concerned about North's demand for release of all the hostages. This could be a problem

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SECRET/SENSITIVE

[redacted]

9. [redacted] said that [redacted] would be arriving in Europe on 31 October. [redacted] said that they want to move things along and hope that the release of two more hostages will help. The perception in Tehran is that the American leadership is in fear of moving things along too fast. They interpreted our original seven points as a demonstration of extreme caution. The US side defended this caution by pointing out that the bottom line is that they released two then took two more. [redacted] added several points he wanted to discuss as follows: Kuwaiti prisoners, cameras for RF-4's, and a list of Phoenix spare parts. [redacted] said that the Iranians have 70 Phoenix missiles which are inoperable and in need of spare parts. Rafsanjani himself is personally interested in the Phoenix problem. This is because the Iraqis have enormous respect for the Phoenix. They need help to repair the missiles on hand as they know it is impossible to obtain new ones. Technicians to help on the Phoenix missiles would be seen as a very positive step in Tehran and could well resolve the whole hostage problem. [redacted] also said that they have enough TOWs for current operations. At this point [redacted] emphasized that the sending of things to them have proved the US' good intentions. We told [redacted] that it might be some time before we could organize the technical support they needed, but we thought such support was essential as their orders for spare parts do not make sense. In fact General Secord believes that it someone were to get into their logistics system he could probably locate large numbers of spares that they do not even know they have. [redacted] also asked if we could do anything about the 20 Chinooks that have been embargoed in Italy for three years. The FBI is also holding $20 million that Iran went to court for and won the case. We asked him for additional information on this case and some documentary support so that we can follow it up.

10. In another aside, [redacted] stated to Clarke that they feel they must have pilotless drones to give them the kind of intelligence coverage they need. He wondered if they could buy some from the Israelis. This may be an opening for Nir. [redacted] also told us about [redacted] radars they are buying fr[redacted] Although they are supposed to be deployed to cover the Soviet Union, in fact the technicians are installing them along the Iraqi border.

11. [redacted] said that a four-man committee has been formed in Tehran to oversee their relations with the United States. They are as follows:

A. [redacted]

B. [redacted]. He is from Tehran. [redacted]

CIIN #0264

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[redacted]

C B

[redacted]

D

[redacted]

E

[redacted] said that the man they ultimately want to meet with senior US officials is [redacted] who is a [redacted] and a moderate. He is [redacted] role in this is somewhat foggy. [redacted] is the only one of the four that knows of his role. The best way to describe him is that he is Rafsanjani's window on the operation.

Charles E. Allen

ATTN #0216

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HSITS 0034 /87

ORIGINAL

9/21/87

Deposition of

[redacted] C/CATF Christine Kalbaugh

Select Committee to Investigate
Covert Arms Transactions with
Iran,
U.S. House of Representatives
Washington, D.C.

Friday, May 1, 1987

Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

(2057)

Partially Declassified/Released on 13 July 1988
under provisions of E.O. 12356
by S. Reger, National Security Council

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EIN

AS-1

10:00

Deposition of

[redacted]

Select Committee to Investigate
Covert Arms Transactions with
Iran,
U.S. House of Representatives
Washington, D.C.

Friday, May 1, 1987

The Committee met at 10:00 a.m. in Room B-352 Rayburn House Office Building.

Present: David Pearline; Tom Polgar; Kathleen McGinn; Paul Barbadoro; Neil Eggleston; and Richard Giza.

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Whereupon,

[redacted]

having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

EXAMINATION

BY MR. BARBADORO:

Q Could you state your full name for the record, please?

A [redacted]

Q Have you used code names in your capacity as Chief of the Central American Task Force?

A Operationally aliases, yes.

Q Could you tell me what those names were?

A [redacted] used almost exclusively with the Nicaraguans and for travel outside of Nicaragua to Central America to include [redacted] used only to travel [redacted] not exposed outside that.

Q Did people here in the United States know your [redacted] alias?

A It is pretty widely known, yes.

Q Did Oliver North know your [redacted] alias?

A Yes.

Q Did he ever refer to you as [redacted] or

[redacted]

A To me or to other people?

Q In your presence.

A Yes, I think as best I can recall.

Q When did you become head of the Central American Task Force?

A 9 October, or thereabouts, 1984.

Q What did you do immediately prior to that?

A I was on a brief stint with the IG staff doing a routine inspection of [redacted]

Q And prior to that?

A [redacted]

Q How long were you [redacted]

A Three years, 1981, roughly June to June, 1984.

Q During the time that you were [redacted] [redacted] were you involved in any solicitations of anyone in [redacted] to provide money or assistance to the contras?

A No.

Q During that time were you aware of any solicitations by any U.S. Government official to [redacted] to provide money or assistance of any kind to the contras?

A No.

Q During that period of time were you aware of any offers that were made by anyone in [redacted] to anyone in the United States Government to provide money for assistance to the contras?

A No.

Q Have you since learned that people in the United States Government approached ~~approache~~ [redacted] to request aid for the contras?

A [redacted] former National Security Advisor McFarlane says that he approached [redacted] or discussed with ~~with~~ [redacted] I have heard speculation at various times -- I heard speculation at various times that [redacted] money may be going to the contras, but the first time I really knew something that would be official or definitive was the announcement by McFarlane. Prior to that time I just heard rumors that were floating around town.

Q Can you recall from whom you heard these rumors?

A I can't. Rumors occasionally came up in the newspapers and were speculated on, but no one was whispering saying so and so was getting something from the contras. As you speculated as to where funding for the contras might be coming on that focused o[redacted] as a country with big bucks.

Q Did you see cable traffic or CIA intelligence reporting suggesting that the contras were receiving support i[redacted]

A Not that I recall.

Q Did you discuss with Director Casey abou[redacted] [redacted] providing assistance to the contras?

A I think that as we looked at or discussed the issue of where private funding could come from if we got approvals to solicit funds from third countries, and at some future date -- I said I ~~though~~ thought [redacted] would be willing to participate based on my knowledge of them and where they were coming from but that was always in a future context of if the law changed and we could solicit. In discussions at the RIG meetings that took place, particularly after State Department was authorized to get into the game of solicitation in the 1986 time frame. I, a couple of times, ~~mentione~~ mentioned [redacted] and othe[redacted] [redacted] as a potential donor and said if CIA made the approach I was pretty sure they would provide such funding.

I mentioned ~~usin~~ using [redacted] as an intermediary wit[redacted] which has a lot of money, but you can only do that throug[redacted] They generally follo[redacted] lead. But never in terms of money is going to the contras fro[redacted] [redacted] or ongoing solicitation.

Q You have described discussions with Director Casey in which you mentioned the possibility that[redacted] might be a government to approach for aid to the contras. When did those discussions take place?

A They would have taken place in the spring of 1986 or thereabouts when we were contemplating what would happen in legislative changes looking at future planning. I don't remember the specific discussions, but I am sure I mentioned that.

Q Do you recall any discussions of that sort in 1984 or 1985?

A No. None that I can recall.

Q And your discussions at the RIG meeting about [redacted] ~~were~~ were discussions that would have occurred some time in the Spring of 1986?

A Or in the late fall of 1985 and they were informal musings, not serious planning.

Q In 1984 and 1985, what did you understand was the situation regarding the legality of CIA officials being involved in soliciting aid for the contras from third countries?

A That it was illegal until October 1986.

Q What is the basis of that understanding?

A That is statutory language in the Boland Amendment and its subsequent successors governing aid to the contras.

Q Do you recall reading any memoranda prepared by OGC attorneys discussing whether soliciting aid from third countries would be legal?

A I don't specifically recall reading one. Vaguely in the back of my recollection I think -- and I emphasize think -- that this was a discussion when we were first looking at the Boland Amendment in the fall of 1984 and figuring out what was legal or not, what we could or couldn't do.

I think that was one of the topics that was discussed at that time, but it was clear from the statute and from consultations that it was not legal from 11 October 1984, the implementation date of 9 October 1984, until the current legislation was enacted in October of 1986. I think it may have been discussed, [illegible] to answer your question.

Q Okay. Are you aware of any overtures that were made to third countries for aid to the contras by anyone at CIA between January 1, 1984 and the period in time you just specified in 1986 when it became legal to solicit aid, are you aware of any overtures by any CIA official to solicit aid to the contras from third countries during the period of time when it was not legal?

A I am not aware of any such direct or indirect sort of solicitation by CIA officials.

Q Let me --

A No one has told me and I don't have any reason to believe that anybody went to anyone and said will you do this or that or can you do the other thing.

Q Let me ask you about specific countries. Do you know whether anyone from CIA approached [redacted] to request assistance for the contras from January 1, 1984 to December 30, 1985?

A If you were to ask me that question two days ago, I would have said no, but I have subsequently learned that some time, and this is hard core hearsay, some time in the spring of 1984 one CIA officer did go to [redacted] and perhaps discussed the issue.

Q Is the basis of your knowledge a memo from the Director to Robert McFarlane that discussed that?

A The basis is a discussion that came from having seen that memorandum and a discussion of testimony that may have taken place.

Q Do you know who that officer was?

A I know who he is alleged to be and I want to emphasize this is hard core hearsay. I didn't know this until a few days ago and have never heard it from the officer himself.

Q Who have you heard it from?

A From my compliance officer and my staff that processed the papers and he said did you know that. And I said, no, I didn't, and I -- that is sort of the way I heard it.

Q Okay. That is [redacted]

A Yes.

Q Do you know of any approaches that were made to [redacted] [redacted] to obtain aid for the contras during the same time period by any CIA official?

A Not during the time period in question, no.

Q That would lead logically to the question of what period of time are you aware of such overtures?

A The Director had discussions with interlocutors who were not from [redacted] but who were connected with [redacted] after the enabling legislation of October to review whether or not they would be willing to provide assistance and one of my officers went to New York to meet with the individual in question, and then when the Director took sick and the investigations began. We didn't pursue it any further.

Q Give me your best estimate of the time when these overtures were made.

A Late October, early November 1986. It would be a matter of record in the agency. I don't remember specifically.

Q Who initiated this overture to these interlocutories?

A Director Casey, and then [redacted] from my staff made the trip to New York for the meeting.

Q Was this after the time that the Congress had voted $100 million in lethal assistance?

A Yes, and to the best of my recollection, after the legislation had been signed into law because there was a good deal of discussion by the Director of the propriety and legality of the move at the time. We discussed can we do this thing now, that kind of thing.

Q At that time were there any discussions with the Director about earlier approaches to [redacted] that had been made by anybody to solicit aid for the contras?

A Not in my presence.

Q Are you aware that General Singlaub approached officials of [redacted] to solicit aid for the contras?

A I have heard that.

Q How about [redacted] are you aware of any overtures by any CIA officials to obtain from [redacted] from January 1, 1986 until October of 1985?

A No. I am not aware of any such overtures.

Q Do you know whether [redacted] was provided money or support to the contras?

A I don't think they have. I don't know that they have and it is my recollection of the intelligence over the past couple of years that they haven't. But I am not certain about that. I would have to go back and research that.

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page 11 deleted
in its entirety

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[redacted]

Q During the time you were [redacted] you never learned that [redacted] were providing assistance to the contras?

A It was never mentioned, only discussed one time. In 1983, I asked after a meeting [redacted] I asked the Director to say a few words about Central America ~~becaus~~ because [redacted] were interested and that was the only time in my presence that the issue was ever discussed with a CIA official.

Q When was that?

A 1983, when the Director ~~visite~~ visited [redacted] in 1983 and the Director did not initiate the subject. I asked the Director to say a few words about it.

Q How did you ~~kno~~ know [redacted] were interested?

A They would ask me about it, because it was a subject in the news and also because we were directly competing for resources from Central America and they were aware there was a major thing going on and at times I couldn't do things -- I would say I can't get that done because you are competing with Central America.

That was significant because it was a shift in our policies and our priorities from the 1978, 1979, 1980 time frame, when [redacted] was the top priority and we could override anything in terms of assets to get something done and that changed.

Why did it change? I asked the Director to say a few words.

Q During your discussions with these officials about Central America, you didn't ask and they didn't offer to provide assistance to the contras?

A I never asked and didn't receive nor did I have any indication from any [redacted] or CIA officer of any [redacted] aid going to the contras until I read that article.

Q Were you present when the Director met with [redacted] to discuss Central America?

A He didn't meet with them to discuss Central America. He met with them to discuss a range of activities. I asked him to say a few words about Central America. He did not bring the subject up.

Q When he mentioned the contras, were you present?

A I was there, yes. I was sitting right there and I asked him to mention it. I asked would you please say a few words about Central America because I know that [redacted] [redacted] are concerned and interested in it. He gave a five minute presentation about Salvador, Nicaragua and what our concerns were and cast it not in an operational mode, but in a geopolitical mode.

Q And the Director did not ask and [redacted] did not offer to provide assistance to the contras?

A Not in my presence and not that I am aware of.

Q Prior to accepting the job as head of the Central American Task Force, did you meet with Director Casey about taking that job?

A No. He told me that he was thinking about giving me about taking me off my projected assignment and giving me another assignment, and I said can you tell me what it is, and he said no, not yet. I said, well, if you think it is important, whatever it is, I will do it, but you know I want to be [redacted] and two or three days later I was called by Clair George and told I was going to take this assignment. I was not given a choice.

Q Did either Clair or Director Casey explain to you why you were chosen for this assignment?

A Not in specific terms, no. I mean, subsequently it was sort of said that I was a person that had the operational mix of experiences they were looking for, and was a person that the Director had confidence in and they thought could do the job.

I think it was important -- the operational mix is important because there aren't a lot of officers who have both agency, FI experience, military experience at sort of the right grade levels. There are only [redacted] of us.

Q But it is also true that you had no prior experience in Central America?

A No. That is not quite true. [redacted]

Q Did you get instructions from Clair George or the Director as to what they wanted done with regard to the contras once Boland came into effect?

A I have got to think very hard on that. The --

That is an interesting question. The day Boland was passed my first action without referring to anybody was to write a cable, which you probably have which says from this point forward you have to cease and desist, et cetera. I was called to task by OGC for not coordinating that cable with them.

So the answer to your question in a specific term is no; but then over time we had a series of meetings, I would say, through the fall of 1984, where I began to develop a picture of what I was going to do. The first meetings focused on a definition of what we could or could not do in terms of things in the pipelines -- that is where I think we discussed solicitation, but I am not entirely clear.

I know we discussed defensive intelligence, whether or not that constituted indirect support. We discussed what things in the pipeline could go forward or not go forward to include the DC-3 we had bought, things [redacted] or things at the forward end. There is a third issue we discussed, a specific issue. Intelligence, the DC-3 -- I can't remember what it was.

In each case, the fundamental decision was no, no, no; and the reason was that while each one could be argued legally they were politically sensitive, politically controversial. So we won't do it, we will back away.

And there we developed our operational philosophy that governs us for the next year-and-a-half and that was to take a conservative approach to all questions calculating not only the legality but also the political sensitivities; and if it was politically sensitive and arguable on the legal side, we opted not to do things, and we developed a very strict hands-off policy with regard to almost everything on the resistance.

Q Was your concern with political sensitivities concern that if the agency went too far politically it might endanger your ability to get the Congress to provide lethal assistance for the contras?

A Absolutely. We didn't want to prejudice -- from the very beginning it was known and understood by all of us that the Administration was going to try to reverse the decision about the contras and every decision taken from that point forward was aimed at two things, not prejudicing that decision, and preserving as much as possible within the framework of the law something to work with in Nicaragua.

Q Once Boland was passed, did you pull CIA personnel ou[redacted]

A We pulled them ou[redacted], in many instances pulled them out [redacted] and in other instances[redacted]

Q Did you cease paying money to[redacted]

[redacted]

A We ceased paying money to anybody with any director or indirect connection with the armed resistance, including people who had only minimal -- that was the other issue. We discussed whether we could pay [redacted] [redacted] who had terminated ~~his~~ his [redacted] and was always [redacted] with [redacted] and we decided that was controversial and didn't pay him.

Q Had you previously been ~~paying~~ paying [redacted]

A We would have been paying him through the whole relationship with [redacted] He was getting appropriated money.

Q And payments stopped?

A Payment stopped there, too.

Q Did you also stop paying [redacted]

A All the people in the FDN [redacted] we continued to pay until later in the year. We stopped paying him for different reasons.

Q Did you subsequently learn that Oliver North had started seeing that these people got paid?

A I have subsequently learned that, yes.

Q When did you learn that?

A Let's take them one at a time, starting with [redacted] I learned ~~that~~ that [redacted] the private funding was arranged to pick up his salary in 1985 because it was discussed and we discussed it when Congress cut it off in the context of the RIG. And Ollie said I will see if I can arrange private funding.

Q This was at what date?

A I can't remember the exact date -- January or February of 1985.

Subsequently, as I recall, and I can't give you an exact date or pin down the conversation when and where it took place, Ollie said he had done it and subsequently [redacted] confirmed it [redacted].

Q Did you have an idea where the money was coming from?

A No, I suspected, as I did with most of the funding that I knew Ollie was arranging for, coming from private donors in the U.S. That was as much as Ollie ever said.

Q Did you know how much he was paying [redacted]

A We probably did. I don't know but probably we knew what the general figure was.

Q Continue with the others.

A Adolfo Calero, I think it became obvious that the FDN had access to money and fairly large money as 1984 turned into 1985. At no point in time can you say, aha, look at that, they have got money. The way it came around was, oh, my, look at that, they are not starving to death and they are operating. That means they have got money. And then how much money. Look at the arms purchases coming in, it was kind of a cumulative thing. We began to understand they had ~~sizeable~~ sizable money and were able to calculate at that point in time. We knew Calero had money. Simultaneous with that, I began to develop a very clear understanding that Ollie North was in the link somehow.

I thought it was analogous to the quarterback on the sideline of a football game, flashing signals and getting things and acting as an interested but not directly involved intermediary.

Q Did North ever let you know that he had played a role in obtaining funding for Calero?

A He let everybody know. As time went by, it became less and less of a secret. By spring of 1985, there was almost no one in Washington that cared to know that didn't know that Ollie had some role or responsibility for that.

Q Did he tell you whether the money was coming from private U.S. donors or from overseas donors?

A He always implied that it was coming from U.S. donors. He never talked about it and I never really pushed him nor asked him about it.

Q About where the money was coming from?

A No. And he never volunteered that and I never asked him. That was up until some time in 1986. Some time in 1986 Ollie mentioned a couple of times, once again, you put me on the rack and I couldn't tell you exactly when or where, meetings with David Kimche, in the context of his terrorist role. And the possibility of a French banker, not further described, providing money for the resistance forces.

Q Did he mention it in connection with his terrorist role, he said something about his role in --

A Kimche's anti-terrorist role. I remember him saying when the contras were starving to death in the summer of 1986 he said, gee, maybe there are people in France who want to give some money to the resistance forces.

Q How did Kimche's name come up?

A He said a couple of times I am meeting with David Kimche on terrorist things.

Q How does that relate to the French banker --

A I am an intelligence officer, in the back of my mind was -- Kimche, I wonder if he is hitting the Israelis up. I began to develop a question in my own mind, which I never asked. He mentioned a French banker and I never followed up. I always wondered about that. Why does Kimche stand out in my mind? He is a heavy hitter in the Israeli equation. I thought it strange that Ollie was dealing with David Kimche. That is something that as an intelligence officer would catch your attention, and caught mine. I know David from my experience [redacted] who and what David is, and I know that is significant.

Q Did Ollie mention Kimche's name in connection with the Iranian arms deal?

A No.

Q [redacted] you recall two RIG meetings where paying [redacted] was discussed?

A Not two. I recall it being discussed.

Q There was a meeting where it was discussed where Ollie said I think I can get funding from private sources and then --

A Where he said I will take care of it, yes.

Q The time of those meetings was --

A The first quarter of 1985.

Q Do you recall whether Elliott Abrams was present at the meeting?

A Elliott was not in the position then.

Q Who was head of the RIG at that point?

A It would have been chaired by Tony Motley, but Tony didn't play a heavy game in it. It would have had Art Morrow, me, Nester Sanchez and/or -- well, Nester Sanchez -- Jim Michel played a more significant role in the equation, and Ollie with NSC. And it met more in those days, the RIG did, in terms of the legislation than it did in terms of the RIG. We talked about that before. And it was -- the RIG really was ~~reborn~~ reborn, reactivated in January of 1985 as we went into the end of the six month period and the Boland Amendment and the up or down vote of the unfencing of $14 million and it grew out of a legislative group at that time. But it was in that context that there was discussion.

Q Did you ever become aware that Ollie North was getting funds for [redacted]

A The answer to the question is yes.

Q When?

A That is what I am going to tell you. I recall Ollie mentioning it once or twice. I never believed it. I never believed him because, A [redacted] always seemed to have no money; B, he poor-mouthed himself; and C, after the change in legislation in 1986, this was the change of the Intel Authorization Act of 1986, in which the direct, indirect language went away, we resumed funding [redacted]

Mr. GIZA. Don't you mean 1985?

THE WITNESS: 1985, yes, December of 1985. When the Intel Authorization Act changed. We resumed funding [redacted] I didn't believe it. I said that doesn't make sense. Then [redacted] confirmed it in public statements two or three months ago. Subsequently, in meetings [redacted] has showed me invoices, so I knew about it, and I held the invoices and looked at them.

BY MR. BARBADORO:

Q When did Ollie mention that he was funding [redacted]

A In 1986 sometime. Sometime in the first half of 1986, something like that. I didn't pay a lot of attention to it. It was not as significant in my mind as was [redacted] and I just brushed it off.

Q But it surprised you because at the same time the CIA was providing funding?

A Yes. A, I didn't believe it; and B, I didn't think he needed it; and C, I don't know what the hell he did with it, frankly.

Q You weren't providing money [redacted] to be used for military purposes?

A No. And to the best of my knowledge, based on our understanding of the [redacted] military equation, I don't think he was using it for that purpose. [redacted]

Q I want to go back to the period in 1984 when Boland first became effective. Did the Central American Task Force attempt to do any estimates as to what the contras would need during the period of Boland to survive and how they were going to get what they needed to survive?

A The Central American Task Force didn't do them, the DI did them. And it was a projection of what they would need, how long they would persevere in the field, what the Central American Task Force did was track their activity and what was happening on the ground.

I remember we had a graphic map where we changed colors either for the nightly or monthly and showed their withdrawal from Nicaragua. In October they were here and in December here, so they were almost all back -- we were plotting that and mapping their activities and tracking their supply.

I remember specifically when we were surprised in December/January when things began to stabilize and the trend didn't get worse, because we were projected really bad things in sort of the second quarter of the fiscal year -- I was -- and it didn't begin to happen, and that is when we began to realize other things were happening.

Q Calero began receiving a million dollars a month in July of 1984. When did you learn that he was receiving substantial amounts of money?

A As I said, that was a sliding process.

Q It became apparent not because you saw deposits, but because you saw activity that reflected money?

A Yes.

Q When did you first meet Oliver North?

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A Either late September or October of 1984.

Q Did you meet him in your capacity as the Chief of the Central American Task Force?

A Either as Chief or -- it was as incoming chief.

Q What did you understand his role to be on the NSC staff vis-a-vis the contras?

A I understood him to be the focal point on the staff for Central America.

Q In 1984 how frequently would you meet with North?

A Not terribly -- once every two weeks maybe, something like that, and during the 1984 time frame.

Q Would these be at RIG meetings or at other meetings as well?

A RIG meetings by and large. There were one or two of those. Largely RIG or legislative meetings. Maybe I didn't even meet with him that often. It was not often in 1984. That is when we were, as far as I was concerned, in the policy wilderness on Central America, and the RIG was hung up, as we discussed, I think because of personality conflicts between Constantine Menges, and Tony Motley and so on.

I don't recall a lot of meetings with Oliver in the last quarter of calendar year 1984.

Q In 1984, you were trying to acquire information about the status of the contras; is that right?

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A Yes.

Q Did you ever receive any information from North about the status of the contras?

A I don't recall receiving any significant information in that time frame from North.

Q When did you learn that the contras were purchasing weapons from Richard Secord?

A You have got the exact date in a cable.

Q Let me show it to you. I would like to have marked as [redacted]1 a cable dated March 5, 1985 and as [redacted]2 an intelligence report signed by Clair George concerning alleged purchase of arms in [redacted] for shipment to [redacted] on behalf of the CIA.

(The documents referred to were marked for identification as [redacted] Exhibits 1 and 2.)

BY MR. BARBADORO:

Q For the record [redacted]1 is CIIN number 1280, as is [redacted]2.

Please take a look at both of them, [redacted]

(Documents proffered to witness.)

BY MR. BARBADORO:

Q [redacted] do you recall reading [redacted]1 at or around the time it was produced?

A I recall reading it, yes.

Q Was that your first knowledge that Secord was involved in purchasing arms for the contras?

A Yes.

Q When you read this, did you do anything to determine whether Secord was acting on behalf of the CIA? There was a suggestion in here that he was.

A We knew that he wasn't and I don't specifically recall, but I am sure I brought it to the attention of other people, and said, look at this. I assumed it was also Richard Secord. And we -- I faintly recall sending out a cable saying that he wasn't operating on behalf of the CIA and I think you should have something like that.

Q I represent to you that I believe I have seen that. I don't have it with me today.

A I recall having said something like that knowing that he was not operating on behalf of the CIA.

Q Did you do anything to try to determine on whose behalf he was operating?

A Not that I recall, no.

Q Did you discuss with [redacted] whether Secord was selling him arms?

A I didn't discuss with [redacted] where he was getting his arms from during that time frame.

Q Did you discuss with North whether Secord was working with him in getting arms for the contras?

A No. Not to my recollection. I stayed away from it. I didn't want to get involved and, I must tell you that I knew that Ollie North would see that intelligence report, but I wouldn't jump up and down and say look at this.

Q Speaking of Exhibit 2, which you characterize as the intelligence report, do you recall reading this at or around the time it was prepared?

A Yes. I remember directing that it be done.

Q This was produced at your direction?

A Yes.

Q In March of 1985, did you have any idea that Ollie North was playing a role in locating arms for the contras?

A Playing a direct role?

Q Any kind of a role in locating arms for the contras.

A I assumed that he was playing an indirect role in facilitating support for the contras but I didn't know that he was playing a direct role or even if he was playing a direct role in arranging those sales or such. What I assumed he was doing, I emphasize assumed, was he'd go to arrange for funding, he'd go to arrange sort of, say, you talk to that person and he can do X and Y, as a facilitator.

Q What is the basis for that assumption?

A It would have been observations and comments made --

observations of things, comments made by Ollie.

Q Did you know that North was meeting frequently with Calero during this time period?

A Yes. He was the major admin contact for the FDN, and had a major role to play during that time frame with all of the resistance leadership. Certainly with other than the FDN, co-equal to and perhaps even greater than any contact CIA had at that time.

Q Was that a conscious decision on your part to allow North to become a primary contact with the FDN?

A Yes. There was nothing I could do about it. There was nothing I could do to or for the FDN. All I could do was gather intelligence from them. Meeting with [redacted] any of the FDN was awkward and so I just sort of laid back. [redacted]

Q Did you know where they were getting the arms from?

A When it would be delivered, in what ports and so on.

Q [redacted] did you obtain more concrete information about what North's role was in supporting the FDN?

A No. The reporting was largely [redacted] almost exclusively ~~exclusivel~~ [redacted] and it would amount to, as I recall, and you have in your records a ship or a boat is coming in at this point in time with this on it and we are going to do this with it, status of their forces, in fighting, bickering and that sort of thing and not on where the funding came from. I assumed and I think that our reporting indicated that there were one or two people, probably only one who knew where the funding was coming from, Calero.

Possibly one of the accountants knew, but it did not go down into the rank and file. He kept it compartmented.

Q And that was the source of his power?

A Yes, and that makes him a unique Nicaraguan.

Q Prior to receivin[redacted] Exhibit 1, what knowledge did you have of Secord?

A When he called me, I was aware of him as an individual in 1979, maybe, or early 1980, when he was the

Arabian Peninsula Branch Chief and he tried to convince me that [redacted] He was in the military, Deputy Assistant Secretary for International Security Affairs.

I think he was a brigadier or maybe a major general. We had some fairly sharp words at that point in time. It was a stupid idea and I told him so. And from that point forward, General Secord never liked me very much, as I recall.

Then I didn't have very much to do with him until I was [redacted] I met General Secord was at one of those meetings.

As I recall, it was a fairly frosty situation. We didn't exchange many words. He went back to the Council for Political International Security Affairs and that was that. The next time I saw General Secord was in December 1986 when we were both scheduled to testify before the Senate Intelligence Committee at the same time and he walked up the elevator with me. I shook his hand and said I am [redacted], and he said I know who you are. I would say he didn't like me, and saw me as a bureaucrat.

I didn't know him well and it was not a cordial relationship.

Q Did you ever become aware of complaints that General Secord made about you to Director Casey?

A No. I have subsequently -- as a matter of fact, I am surprised Casey never told me that. I just found out that he complained about me to Casey. I know from being told about and seeing some of the infamous notes that he complained about me there as well.

Q Casey never told you that Secord had complained about you?

A No. Did he?

Q It is my understanding that he did.

A Just out of curiosity, can I ask you the nature of those complaints?

MR. BARBADORO: Off the record.

(Discussion off the record.)

BY MR. BARBADORO:

Q Did you know in 1985 when you read this cable, [redacted] Exhibit 1, that General Secord was somehow tied in or connected with the Clines-Wilson Group?

A No.

Q You were not aware that it was rumored that he had been associated with Clines and Wilson in connection with the Eatsco matter?

A I knew when I was [redacted] that he was involved in the litigation and the allegation of the misuse of map funds for shipping things to Egypt, and that he subsequently resigned from the military, even though he was sort of exonerated from those allegations.

I can't recall specifically that I would have known that Tom Clines and Edwin Wilson were involved in that. I may in the recess of my mind have known that Tom Clines was involved, but not Wilson. It was not something that was sort of working everyday knowledge in my mind.

But I know Tom Clines and Wilson worked together. And I know they are bad news and that they also were involved in a lot of other things, because we worried about that [redacted] they were alleged to be exporting bad things to Libya and had targetted [redacted] [redacted] as an assassination target. [redacted]

Q When did you become aware, if you did, that Tom Clines was involved in purchasing weapons that were intended to go to the contras?

A I don't know that I ever developed as clear an understanding as that would have led me to believe about Secord, but it would have been later and based on snatches of cables out of maybe [redacted] You probably have seen those, where Tom Clines' name comes up occasionally. I remember seeing those and wondering whther Tom Clines was involved in this whole process.

So I would answer your question, I never developed the same specificity or the same firm kind of understanding as I would have based on Exhibit A or 1 and 2. It would have been more circumstantial and it would have been in probably the April/May time frame of 1986, as I recall.

Q Did you come into contact with Olivery North during the AWACs sale?

A No.

Q Was he involved in that in any way?

A I don't know. I met Oliver North for the first time in late September of 1984.

Q What was the status of the Southern Front Military effort when you became head of the Central American Task Force?

A A mess.

Q How many troops were out on the field fighting?

A We never knew for sure because Eden Pastora [redacted]

[redacted] no

one believed his ~~reproting~~ reporting or what he was telling us. My guess is, and I think the estimate that we used, was about [redacted]

Q Was Pastora the principal military commander for the Southern Front?

A Yes, up to that time.

Q Was Negro Chamorro associated with him?

A Yes, until May of 1984, when ARDE split and Pastora went his way and Chamorro stayed with Rubello. Negro Chamorro was a small part of ARDE. During a major part of the ~~Sourcheast~~ Southern Front when it was a viable military force, they were working together.

[redacted]

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The Witness. What I am telling you is as we began in the spring of 1985 to understand that there was going to be some legislation somehow for some kind of a program, this would have been in April-March. We had to discuss what to do with Eden Pastora.

He was very popular, had a lot of following on the Hill. We knew he was a mess. [redacted]

Moreover, because of his mercurial personality and lack of managerial ability that we were faced with a hopeless situation there.

So I took the decision that we would do the most, take one of the -- what is the word I want -- one of the most frustrating approaches for Eden Pastora. It is kind of the one that was calculated to manipulate him in a particular way; namely, ignore him, totally ignore him. We would have nothing to do with him. We would refuse to talk to him. We would refuse to be associated with him in any way, and we would just move him to the side, treatment as a non-entity, that he did not exist.

[redacted]

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[redacted] It started out as a process of ignoring him and marginalizing him and it came back around to marginalizing him, which was my policy from A to Z. Because I knew that we could never deal with him.

BY MR. BARBADORO:

[redacted]

Q To render him ineffective and [redacted]

A The goal was to ultimately be in a position to do that if and when we had the authorities to get back involved with him. Remember in 1985 we didn't have any authorit~~ies~~y to do anything that supported directly or indirectly para-military operations in Nicaragua. So that was another reason for my ignoring and marginalizing him. I was manipulating and dealing with the situation actively in a way that was totally in compliance with the law by passively doing nothing.

Q At the same time, however, weren't their [redacted]

A No.

Q By CIA officials.

A [redacted]

Q And tha[redacted]ould take place after the CIA could get back into the business and fund these people; is that right?

A Yes, that is right.

[redacted] it would have been before January of 1985. It would have been in December -- saying that there is a good liklihood there is going to be yet another relaxation of the law. This was at the time when we were, at the same time the Intel 85 Intel authorization Conference was going on and I was actively involved in that whole process; and it sort of declared there would be some change in the law.

[redacted]

[redacted]

Q Did you authorize your [redacted] to make any representations to [redacted] about supplying them?

A I just said that we said within the confines of the law we would provide to you whatever we can. Now at some point in time I told the [redacted], twice once in [redacted] and once here. They asked here is what we need. They asked for weapons. I said, "I can't give you weapons. That is not legal, but I can tell you that I will do whatever I can to help you and I will get you weapons as soon as it is legal. But I will give you communications and I will tell the FDN you need weapons, but that is the best I can do.

"They have weapons, but I can't give them to you, and don't press me on it."

Q You knew historically the FDN had not been very good about sharing their material with the Southern Front?

A I knew that, but I also knew in my own mind that a point in time that if we had the remaining restrictions taken away from us where I wanted to go-- ~~there~~ Where I had to go. Now you have to remember that by March of 1986 we are going into the final legislative battle and in our own minds -- I am sitting in the legislative strategy group meeting -- in our own mind it was almost certain in spite of the fact it had not passed that we were going to win the vote.

We knew that if we got the set up right that we could pass the vote, at least, that is what the White House legislative people were telling us; and I was being asked in that legislative context to begin planning as to how $100 million would be spent, what would it be used for, what is going to happen.

So in my own mind and to a degree on paper, by March of 1986 and before, I had bits and pieces of this operation laid out based on everything I had done two years ago. Back what I told you when I came to the task force. The reason I was there was to do everything possible with intelligence collection, management of the project, to help the administration reverse existing legislation, and to get back and [redacted]

So I developed a whole scheme of maneuvers and part of my scheme of maneuver was the Southern Front. I might tell you parenthetically [redacted]

Q Is it fair to say that [redacted] were led to believe by your [redacted] to some extent [illegible] that to the extent that you could legally support them, you would and as a result of [redacted] they went into the field and separated with Pastora?

A Yes. It is also, I should add, that it was not only because of that. All except for one were fed up with Pastora. They realized he was a ~~Charleston~~ charlatan by this time. Operation axiom that you can never ~~forgot~~ forget is you can never make somebody do something he doesn't want to do, and you have to wait until the time is right.

I also want to say there is another reason that we were hard over against Pastora, and I should have put it on the record earlier. We knew that everybody around Pastora was involved in cocaine. We knew it from November of 1984 forward. We reported it and by this point in time or slightly thereafter. Two of his major associates, David Mayorga and Robert Odurran, were arrested in large cocaine deals.

[redacted]

That was kind of the final spike in the vampire's

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heart -- a wooden one..

Q I believe last week I took the deposition of your former [redacted] and during that deposition he broke down and cried when he discussed his feelings of responsibility for the Southern Front forces who were sent into the field in early 1986, and were not adequately supplied.

Do you feel a sense of responsibility for them being out in the field and not being adequately supplied in 1986?

A I feel a sense of responsibility, but I don't allow myself to become emotionally involved. I look at something when I know particularly what he is talking about. He is talking about when [redacted] [redacted] went in and got torn to pieces. I felt bad about that, but you can't let those things cloud your judgment.

Q How did you expect that they were going to be supplied until the CIA got back in the game; because even if you had won the legislation, it wouldn't be until October of 1986. How did you expect they were going to be supplied?

A I thought that if they were going to be supplied they would have to be supplied by the FDN from the private resources the FDN had.

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Q And if you --

A And I sort of didn't -- I would not -- didn't think we should force them back in the field until they were ready. I thought we had to play a waiting game. It was the Southern Front that wanted to be pro-active and get going and get back inside and was chafing at the bit. But I knew that they were going to go back inside the only place they would be able to get supplies was from the FDN -- that is what I thought, from the FDN's sources.

Q Did you discuss with Ollie North in January or February of 1986 whether he could obtain support for the Southern Front forces that were fighting in southern Nicaragua?

A No, not in specific terms. I discussed with Ollie North the Southern Front. I discussed with him the problems. I discussed with him what we were doing. We discussed it widely within the context of legislation, the RIG, there was heated debate on whether or not we would be dealing -- we should be dealing with Pastora.

I discussed it with both oversight committees. I had to discuss it once with Senator Helms, anyone that was interested in it, I think. I had to discuss it with Senator Kassenbaum, because it was controversial and the whole issue was discussed in depth. I even discussed it with [redacted]

Q But you knew Ollie North had contacts that were raising money for the contras, correct?

A Yes.

Q Did you discuss the possibility with Ollie North at any point of using these contacts to help supply the Southern Front forces?

A I don't recall discussing them in specific terms with Ollie North. I talked about -- if they are going to go back inside, they have to have arms. They have to be able to access the FDN arms. Adolpho ~~[illegible]~~ Calero has to be willing to cooperate with him.

I told [redacted] if the Southern Front is ever going to come back into line you have to be able to help them. You have to share what you have with them. By this time I was dealing -- I was dealing with [redacted] more and had a better relationship with him and talked to him about that several times.

I probably twisted his arm, particularly after the direct-indirect sort of language went away. And I felt a little bit more free to make those kinds of discussions. We made specific -- we made a specific decision, and I think it is reflected in traffic to train the Southern Front in communications, and to set up a communications link between the Southern Front and the FDN.

And the express purpose of that was to try to link them together so they could have a way to access FDN supplies. And did I know that this FDN supply was; that Ollie had a hand in that?

I have already testified to the fact that I knew that Ollie had a hand in that.

Q But you don't recall making a specific one to Ollie to try to find a way to supply the Southern Front?

A Yes.

Q You don't recall any specific request to North about support [you go] [? to go to] the Southern Front.

A I wouldn't have made that kind of a request because it would have put me into a situation that was someplace I didn't want to be. Because I knew what the law said.

Q Okay.

Is it fair to say that you also knew that if the Southern Front forces were going to be effectively supplied you would need some kind of air field [redacted]

A The answer to your question is, no, because I never believed we needed an air field [redacted] to operate out of.

Q Your [redacted] has told me that he assumed it would be necessary if the CIA were to get back into it to have an air field [redacted]

A Yes, I know what he thought. I know what others thought. Let's come right to the issue. For a series of reasons I thought that [redacted] otherwise known as [redacted] was a dumb idea. Its geography exposes it to Sandinistas attack. It sits less than 20 miles from [redacted] where they have [redacted] [redacted] the best in the country.

It is within [redacted] and it is difficult to -- it is a difficult place to deal out of and in my mind I told you I was gaining -- developing a game plan and the use of that field [redacted]

It it why when we initially-- when these visions initially ~~begun~~ began, I really didn't even have that in my mind, because I didn't think a lot about it. I had written something that was not important. It only became important because it became a political issue between [redacted] and the U.S. Government, and became the focal point of this investigation.

Q How in your game plan would you have resupplied the Southern Front forces?

A [redacted]

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[redacted]

Q Did you meet with Admiral Tambs before he went down to become ~~admiral~~ Ambassador to Costa Rica?

A Yes.

Q Did you give him any instructions or were you present when instructions were given to him to open up a Southern Front?

A No.

Q What do you know about that?

A I know what is in the newspaper. I know that Admiral Tambs mentioned to me one time or a couple times that he was sent down to Costa Rica with instructions by Ollie North to open up a southern front. These were discussions that took place in the 1986 timeframe. I know that in the newspaper he said his instructions were issued by Ollie North, and a CIA officer, and I have always wondered who that CIA officer was, because it wasn't me.

I was asked to go meet Admiral Tambs, and I can't remember by whom, but it was either somebody in the State Department or somebody at CIA before he went to Costa Rica, And there wasn't very much time because he was leaving that

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day and -- and the schedules didn't mix, so I drove out to his hotel room and met him in his underpants in his hotel while his wife was in her slip in another room packing with two small kids, and we had a 15-minute conversation that was not very satisfactory.

It didn't mean much. He was a nice guy; but I did not at that time, in Admiral Tambs' underpants, instruct him in meeting him for the first time to go open a southern front.

Q That was the only time you met him before he went down there?

A Before he went down there, yes. I developed a fairly good relationship with him during the subsequent two years he was there.

Q Did you have discussions with him while he was down there about opening up a southern front?

A In 86 ID, yes. That was about the southern front and how it was going [redacted]

Q Nothing in 1985, though? I am trying to find out where he -- he has testified that he was told he went down there with instrutions. I am trying to figure out from whom.

A Let me answer the question this way. I did not give him those instructions.

Q And you don't know who did?

A No, it is not within my purview to instruct an admiral.

Q Okay.

A I don't know who might have given him those instructions. I would not presume to instruct an admiral to open up a southern front. That is a fairly heavy load to lay on somebody.

Q To your knowledge, prior to him going down there that subject was not discussed at the RIG, was it?

A When did he go down? Do you know?

Q Summer of 1985.

A By the summer of 1985, what to do about Ed Pastora was being discussed sensitively.

I don't have any specific recollection of that issue being discussed in front of Admiral Tambs at the RIG, but if he sat in a RIG meeting, it is probably that it would have been discussed and it is probably that I would have been one of the outspoken ones talking about the need to marginalize Eden Pastora and outlining what I--what my vision of how the south should work. And in the fall of 1985 there was considerable discussion in the RIG about what to do about the southern front because Eden Pastora was jumping up and down screaming that he was not getting any of the humanitarian aid, and that it was terrible. And interestingly, the right wing or conservative elements of the House and Senate were jumping all down everybody's throat because we were treating Pastora so badly. So there was a lot of discussion about it. A lot of discussion about the southern front, how to go about it. I don't recall specifically Admiral Tambs having been there at a RIG meeting, but he certainly would have been in and around where all these discussions took place.

Q To your knowledge was he given any instructions to obtain the permission [redacted] to have an air field built for contra re-supply?

A To my knowledge he was not -- I do not know whether he was given such instructions, and that is not something I was aware of.

Q Do you recall getting, receiving a cable in August of 1985 in which a conversation between the admiral and [redacted] was discussed concerning the building of an air field for contra ~~re-supply~~ resupply?

A The answer to your question is I do not recall it, but I read it and I went back and checked my calendar and I was there so I did see it at the time.

MR. BARBADORO: Let's mark as [redacted] Exhibit 5, a cable dated 13 August 1985, subject: [redacted] It is CII-Number 900; and mark as [redacted] Exhibit 6 a cable dated 17 August

1985, subject [redacted] thinking with regard to UNO SUR, CIN Number 899.

(The documents referred to, were marked for identification as [redacted] Depositions Exhibits 5 and 6, respectively)

BY MR. BARBADORO:

Q Please take a look at those [redacted]

A Yes.

Q Do you recall having received [redacted] Exhibit 5?

A No, I don't recall having -- I do not recall having received and having read that, but I am certain I did.

Q Okay. And [redacted] Exhibit 6, would that have been a response drafted by you?

A Yes, it was.

Q Do you recall drafting this response?

A I don't have a specific recollection of drafting that.

I have checked my calendar. I was there, and there is no doubt that my name is there as originator, that I originated that.

Q [redacted] Exhibit 5 talks about the conversation I have alluded to [redacted] Monge address to allow construction [redacted]

[redacted] Having read these memos, is your recollection refreshed as to whether you knew in August 1985 that construction of an air field was being discussed?

A I don't recall it, but I do not sort of claim that I didn't know it. I obviously, in August 1985, was aware that both the possibility of building an air field and establishing [redacted] was being discussed or was, or had been discussed, yes.

Q Can you explain to me why you don't remember these?

A Well, I can guess, because I was beginning on vacation the next day. I think if you look at those cables they are on a Thursday and Friday. I left, as a matter of fact, when I saw them the first time I called my wife to see if she could check her calender to figure out when we left on vacation, because I don't remember those. I must not have been here. We left Saturday morning for a vacation for two weeks. I was gone and just don't remember seeing them.

Q This would be a relatively significant agreement, would it not?

A Yes.

Q [redacted] construction of air field.

A Yes.

Q But for whatever reason you don't --

A I don't remember.

Q In the summer 1985.

A But that guidance is exactly what I would have said. You can't be involved directly or indirectly in doing it, because it is illegal, whatever [redacted] [redacted] want to do, they can do.

Q When do you first recall having any knowledge about the possibility that an air strip that would be built [redacted] for contra resupply in --

A My specific first recollection about that air field, and I do not discount the possibility that I heard about it earlier, even in between December of -- December 9, 1985 and the date of those cables, was on December 9 during a trip to Central America with Admiral Poindexter as he was about to become the National Security advisor, and it was a discussion with [redacted] on the veranda of the hotel in which he mentioned the air field, and that it was being built. And I told him to be very careful what he did to make sure he didn't get involved and stayed legal. And that was -- that is the first time, as I have gone back extensively and tried to recall when I knew about that air field; that is the first clear discussion that I recall.

I can vividly call up about that air field.

I don't discount the possibility of discussions between that cable and December 9, but I don't recall them.

Q Do you recall being surprised when [redacted] told you about the air strip?

A I recall my recollection was one of concern that he knew about it and concerned that he might have been rubbing elbows with it, because I said, "Jesus [redacted] watch what you do. Stay legal. Don't get..." I said, my specific words were, "Jesus [redacted] watch what you are doing and stay legal."

Q I want to tell you and I am going to have to wait a minute before I come to it that I have some documents I want to show you that may suggest that you heard about this sooner.

A I may have. I just don't recall it.

Q But recount for me again what [redacted] told you about the air strip on December 9.

A That the air strip was being built and that it was going to be used to support the Southern Front.

Q Did he tell you who was building it?

A No, I didn't ask him, and I said to him [redacted] stay away from it. Make sure you stay legal. Stay within the bounds. And [redacted] said something like, "I know what I am doing. I have already made my decisions."

Q Ollie North was along on that trip, wasn't he?

A Yes.

Q Did you discuss the air strip with Ollie North in December?

A I don't recall discussing it with Ollie North in December. I recall discussing it with Ollie North somewhat later than that in January and maybe later in several occasions. One specific occasion that stands out is at a meeting at the Department of State where he showed a whole bunch of people pictures of the air field.

Q When would that have been?

A I really don't remember. It probably can be pinned down by calendars, because I remember that it was in the 7th floor of the State Department in the Secretary's conference room at a SIG meeting, I think, and I would have to go back and try to pin it down off a couple of calendars what that was.

Q Is a SIG meeting different from a RIG?

A Yes, SIG meeting is the next level up.

Q That would have been in early February maybe.

A May have been. That would be about right. I just don't remember the date, and I have not gone back and tried to --

Q Who was present when the photographs were shown around?

A Oh, gee. General Moller, I think, was present,

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Colonel Kroeger, as I recall. This is all -- I think Nestor Sanchez, myself, Elliott Abrams, maybe Bill Walker, Ollie, probably Ray Bur~~k~~ghardt.

Q Who produced the photos?

A Who had them in their possession?

Q Yes.

A Ollie did.

Q And what did he do with them?

A Showed them. He said, "Look at this. This is the air field being built [redacted]"

Q What else did he tell you about the air field?

A Once again that is one of those occasions where I looked at pictures and put them away and thought to myself, "My God, that is dumb," and kind of backed away from it; and I think he talked about sort of the status of the field.

I remember my specific reaction, and that is like showing pornography in junior high school. It is something you don't want to get caught with in your hands. I just kind of backed away from it.

Q Did he say whether he had played any role in the construction of the air field?

A He didn't say it, but the implication was there, you know, "Look at this. Isn't this great Here it is."

I thought to myself if you are involved in it, you are [illegible] for showing it and I don't know why you are doing this thing. I just kind of backed away from it.

Q Do you recall if he explained what the air strip was going to be used for in anymore detail, other than "for the contras?"

A Almost certainly he did. Once again I don't recall the specific discussions of it, but I think that we all knew and he must have said-- must have been talking about it being used to fly into as an intermediate stop out of [redacted] to stop to refuel and to fly inside. And then I recall some discussions some place later in the spring time where they talked about sort of not having contras there and how to manage it and so on.

But it was from that point, I remember it being discussed a couple of times as to how it would be used, what it was to be used for, and so and so forth.

Q Did he ever mention that the air strip had been used?

A It is hard for me in my own mind to recollect what I know now from what I knew then on that point. I know now that it was used and the aircraft were stuck there, and that it was a big thing.

They had to get there to bring supplies in there. That means it had to be used to fly stuff in and it is fairly obvious to me, and I suspect that I knew it at the time that they were flying short haul flights in there to bring in construction equipment because they had to get there somehow. You couldn't get there any real way because it was so remote.

I don't recall specifically that Ollie said that it had been used, but it is possible that he could have told me it had been used. I cannot specifically recall a conversation in which he said a flight came in, and it landed there and got stuck in the mud and all that, but I know that now.

Q He may have-- he may not have. You are not certain?

A I am not certain I wouldn't rule out the possibility. I just don't remember that. The air field in this whole saga is the thing of which my memory is vaguest on because I really didn't focus on it one whole hell-of-a lot.

Q You didn't take it seriously as a ~~re-supply~~ resupply base?

A No, I had a lot of other things I was worrying about, a lot of other things I was thinking about. I knew I wanted [redacted] to stay away from it. I knew it was being built. I developed the understanding that it was being built by the same people that were -- the previous benefactors out [redacted] and what its intended purpose was for. I was in [redacted] when [redacted] went to the meeting where [redacted] said, "You can't use it." I sat in the meeting. When [redacted] the next morning, talked to Lew Tambs about it, and they were distraught and I told them it is not a big thing. "Don't worry about it. Don't fight it. This is not something you have to break your pick about. We don't need it. We haven't planned on it. We don't need it."

From that time forward, it became a political football, a real hot potato~~/~~ between [redacted] and the U.S., and then I know sort of it was just there. It was sort of a pregnant problem waiting to break.

Q Do you recall the discussions in 1986 when [redacted] was threatening to ~~[illegible]~~ publicize ~~publically voice~~ the existence of the air field. Do you remember discussions with Ollie North and Elliott Abrams about that?

A Yes.

Q Were there any discussions about someone telling [redacted] that [redacted] would be deprived of aid or U.S. assistance if he exposed the air field?

A Let me tell you the story.

Q Okay.

A That is the best way to go about that-- 11:30 at night. I was in bed. The phone rang. Ollie was on the phone. He was absolutely -- just in one of his manic moods, and he was screaming [redacted] is going to go public with the air field. You have got to stop it. You can't let it happen. You got to call [redacted] You have got to tell [redacted] to tell him to stop this thing. If he does it, I will see that he never gets another penny of U.S. aid." Blah, blah, blah.

Then I said -- I hung the phone up and I then called Elliott, and Elliott said, "Yes, I know. I have talked to Ollie, and he said, 'Well, what do you want me to do?' He said, 'Would you call [redacted] and see if [redacted] can do something about it?'" And I called [redacted] up long distance, a real breach of operating procedures.

I just picked up the phone at home and said, "[redacted]" and [redacted] said, "Yes, I am aware of the problem. I have already talked to...." and he talked around who the individual was, but it was [redacted] and it is taken care of. "Don't worry about it."

I called Elliott back and I then called ~~Lou~~ Lew Tambs and told him and then I called Ollie.

Q So you didn't suggest the way to deal with it?

A No.

Q You just called [redacted] and he said it has been taken care of.

A That is right. He said it was taken care of.

I was going to suggest [redacted] go to [redacted] and see if you can talk him out of doing this because it is not going to be very helpful. But I know that from my lips to [redacted] sort of I didn't repeat the bombast that Ollie threw at me because I never repeated half of Ollie's bombasts.

Elliott says he didn't repeat, nor did Lew Tambs repeat the bombast that [redacted] had. No one ever does that. One thing I know about [redacted], if he had been threatened like that, he would have it on the public record. He would not deny it. He is scrupulous about repeating things accurately on the public record.

Q Do you know what [redacted] did to get the problem worked out?

A I suspect he -- I don't know what he did. No. He says he talked to [redacted] Beyond that, I don't know.

Q What was the CIA role supposed to be in the humanitarian assistance program?

A CIA's role in the humanitarian assistance program was to have been one of providing assistance, technical assistance and advice to NHAO and to monitor the shipments and deliveries down range, period, nothing more.

Q When did that program start?

A It started during late August of 1985. It really didn't get underway until late October of 1985. The bureaucracy of establishing a new organization, figuring out what the law meant and how to do it took some six weeks.

Q Did you discuss NAHO at the RIG meetings?

A Ad nauseum.

Q Early on in the program, there was a problem [redacted] as a result of television cameras being brought along on one of the flights. When was that flight?

A It was the second flight. I would expand your remark by saying there was a problem -- there was a problem of multiple stupidity. That was one of them. There was another problem after that, but they took place in late October as I recall.

Q And after that, it was decided tha[redacted] would be the base for humanitarian assistance.

A No, the story is much more complex than that.

Q Tell it please.

A I will tell that story.

The first flight went in and it went in okay. The second flight went in, and it was hauled by -- it was taken in with a CBS and a CNN crew on board, television crew. They filmed the whole thing. [redacted] went absolutely livid. They were jumping up and down. They forced the public back haul of the first and second flight, everything had to be taken out and they went public with taking it out.

Quietly, they authorized a third flight? and the third flight developed engine problems and sat down [redacted] and became once again overt and they said, "Enough, you people can't run this program. You are embarrasing us. Cancel all the flights."

They said, "No more flights." This was a military decision [redacted] It just ended everything. You can't take stuff into [redacted] The NHAO Program is useless, because that is where you need it.

So it became the focal point for the RIG to reverse this decision, and it was the topic in Central America to the preclusion of damn near every other topic for the next three months.

[redacted]

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[redacted]

Both [redacted] and [redacted] changed about the same time, and I can't remember which was January and which was February.

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Q Okay.

A At that point in time, and this is Decemberish. The RIG takes a decision, "~~[illegible]~~ becase, we got to do something about this thing. Let's set up an alternate point of supply. Let's go through [redacted]

Q Who came up with the idea to use [redacted]

A If I had to put my finger on somebody, I would say Ol~~l~~iver North.

Q Do you recall whether North said anything about having connections into [redacted] .

A I vaguely recall him saying that he was certain that [redacted] would go along with it.

Q Do you recall --

A I know that he was a major proponent of it. That is another thing that I was luke warm on.

Q Do you recall him mentioning Felix Roderiguez as being a contact he had down there who could get you access to the air base?

A No, but he mentioned Maximo Gomez.

Q Okay. At that point, did you know Maximo Gomez as Felix Rodriguez?

A Yes.

Q Okay. Was that one of the reasons why North thought he could get the use of [redacted]

A I think that in previous incarnations North knew, either knew or knew that [redacted] would be cooperative and he was a major -- he was a major proponent of the move of doing it that way and he eventually convinced the RIG that that was the way to go.

MR. BARBADORO. Let me mark as [redacted] Exhibit 7 a letter dated September 20, 1985, addressed, "Dear Felix," signed, "N."

(The document referred to was marked for identification as [redacted] Exhibit Number 7.)

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MR. BARBADORO: Why don't you read that and then take a five-minute recess?

(Recess.)

MR. BARBADORO: Back on the record.

BY MR. BARBADORO:

Q [redacted] have you read Exhibit 7?

A I have.

Q And have you ever seen that letter before?

A No.

Q This purports to be a letter from Oliver North to Felix Rodriguez, and it talks about Felix gaining permission to use [redacted] as a place for FDN planes to be maintained.

Do you recall whether North, in the fall of 1985, ever mentioned to you that he had sent a letter like this to Felix Rodriguez?

A I have no recollection of that.

Q Do you recall whether he ever mentioned that he had an arrangement with Felix Rodriquez where FDN could be worked on [redacted]

A No, that letter comes at -- at that point in time, it comes as a complete surprise to me.

Q Okay.

A That is much earlier than I would have suspected.

Q When would you -- when did you first know that

North and Rodriquez have a relationship concerning the [redacted]

A Decemberish of 1985 when we began in the earnest discussions of in the RIG meetings about diversifying, getting an intermediate stop someplace along the way and use of [redacted]

Q What did North tell you at that time about Felix Rodriquez and [redacted]

A It wasn't what he told me. It was his comments at the RIG meeting and his putting forward the position that use of [redacted] - first arguing for the use of [redacted] as an intermediate stop, putting up warehouses and so on and so forth; and secondly, his taking the position that Felix Rodriquez could handle the ~~trans shipment~~ transshipment, handle the affairs at [redacted] and -- the word kind of eludes me -- taking steps or arranging or casting things in a way as to make it clear that any CIA role similar to the inspecting, confirming role made [redacted] was not welcome.

Q I am not sure I understand.

A Well, Felix Rodriquez and [redacted] didn't like each other. As a matter of fact, they big time disliked each other.

Q You knew before December 1985 that Felix Rodriquez was down there [redacted]

A Absolutely, yes. And I knew that there was tension, there was friction between Felix Rodriguez and [redacted] [redacted] in the area with Felix Rodriguez.

The relationship was not a comfortable one, and if Felix Rodriguez was going to have something with the [redacted] trans-shipment for NHAO affairs, CIA couldn't, and we really didn't want to other than in verification.

And so, there was discussion, and I can't remember it all. It is kind of a vague glop, but Ollie arguing for moving there and leaving it pretty certain that Felix could handle the job. And we didn't get involved with it too much.

Q Did Ollie say whether Felix was also assisting with lethal aid to the contras?

A Not that I can recall at that point in time.

Q You later found out that Felix was working with the people providing lethal aid, didn't you?

A Yes, it developed --

Q In the spring of 1986.

A Even earlier -- Feburary-March 1986, as it develops, as you watch this operation and see the whole thing coming down, yes.

MR. BARBADORO: Let me mark as [redacted] 3 some handwritten notes that purport to be of a RIG meeting on 10-1-85 which were taken by Ambassador Duemling.

[redacted] Exhibit 8 was marked for identification.)

THE WITNESS: Can I read these?

MR. BARBADORO: Please read them. I have highlighted the ones that I will ask you about, but feel free to glance through them.

BY MR. BARBADORO:

Q [redacted] do you recall the meeting that is described in these notes?

A Not specifically, no.

Q Did you have meetings to discuss NHAO in October of 1985?

A As I said, from October forward there were extensive meetings to discuss NHAO and to help organize and get things started going.

Q So, it is fair to say that there were several meetings with people like Michael, North [redacted] Walker, Milton, and Duemling.

A Yes, there would be frequent meetings like that and there would be that group and sometimes the composition would change, but there were a lot of meetings like that.

Q On page 2 of the notes, it says [redacted] Project Hope being asked to take on refugee assistance; air strip being prepared; Hope will care for wounded together with refugees; NHAO can funnel medicine and food through PH to the southern front."

What is Project Hope?

A Project Hope is the -- isn't it the thing that runs the hospital ships around the world?

Q Do you recall any discussion of Project Hope at any of these NHAO meetings?

A Absolutely. It was discussed extensively.

Q What was the role of Project Hope with the humanitarian assistance operation?

A The medical supplies and medical support for the resistance prior to the funding cut-off of 11 October, 9 October of 1984, had been supplied through the agency in our office of medical services.

We did the training, we interfaced, bought the medicines, help them put up hospitals and so on and so forth.

When NHAO came into the structure, they needed to find a competent medical group who could provide the medical side, support the medical side of their undertaking, and they looked around and there were a series of charlatans who were making bids, trying to get bids, contracts, for this.

Ambassador Duemling and I am not quite sure how it got set up, but interfaced with Project Hope, the

Project Hope, to get them to provide the expertise, the purchasing, and to help with pulling together the in-United States portions of shipping to a warehouse at Dulles where they then shipped it forward via NHAO channels, and Project Hope was a major player with Ambassador Duemling dealing with the Project Hope staff.

Dr. Walsh, maybe, I think -- he is the director's name.

Q Under the reference to Project Hope, it says -- and also under the reference to [redacted] -- it says, "Air strip being prepared."

You would agree with me that this appears to be a reference to the [redacted] air strip, [redacted]

A It could be. It is not an unreasonable assumption.

Q What else could it be?

A I don't know what else it could be.

Q And in 10/85 we know the air strip is under construction; we know it is [redacted] and we know the air strip would be used to supply the Southern Front.

A Yes.

Q Here the reference is "Air strip being prepared."

Can you think of any other explanation other than that this is the air strip [redacted] under construction that is being referred to here?

A No. I could, but none of them would make any sense. It could be anything.

Q Now, when I show you [redacted] Exhibit 8 and the reference to "air strip under construction," do you now recall discussing the construction of the air strip at this meeting in October of 1985?

A No.

Q Do you still maintain that the first time you heard about the air strip was in December of 1985?

A I have searched my memory and tried to recall anything specific about that air field, and the first specific notch in my memory is December 9 where that conversation with [redacted]

As I said previously in a statement, it is possible -- it may even be probable it came up. I just don't remember. But it looks like it did. I just don't remember. It is just not there.

Q If I recall your testimony correctly, when you met with [redacted] in December, you were surprised and concerned when he referred to the air strip.

A No, what I said was in -- I said what he told me about the air strip, I remember him saying, "The air strip is being built." And I said, "Watch yourself. Don't get involved with it. Stay legal."

Q But you have no memory of --

A I don't remember.

Q Of having heard of the air strip before that?

A I just don't remember.

MR. POLGAR: Off the record.

(Discussion off the record.)

MR. BARBADORO: Let's go back on the record.

BY MR. BARBADORO:

Q Let's go back to the discussion in December where you recall [redacted] mentioning the air strip to you, asking you to try to reconcile the fact that you were in a meeting in October where the air strip was apparently discussed, and your testimony about your conversation with [redacted] in December concerning the air strip.

How do you reconcile those two things?

A I can't reconcile it. It is obvious that it was mentioned. It is obvious I have forgotten it.

As I told you in all of this undertaking, the thing about which my recollection is the vaguest is that air strip. I do not have clear time lines of discussion on that air strip until December.

Now, I went back, and when I saw that cable from August, I was surprised about that cable; because I didn't remember it. And you show me that paper, and I don't remember that meeting, where we discussed that. That is not something that sits out in my mind as a clear something I clearly recall.

I do not deny, nor did I in my previous testimony, that from the time of that cable in August to December there may have been discussions about the air field which I heard or where comments were made, but I don't remember them. That is the best I can do.

Q Okay.

On page 1 of the notes, it says [redacted] will supply list of reliable suppliers to NHAO."

Do you remember agreeing to provide NHAO with a list of reliable suppliers?

A Yes. As part of the carefully negotiated -- and I emphasize "carefully negotiated" -- agreements with the various oversight committees. It was understood that CIA could provide information and advice to NHAO about who they could use, who they couldn't use, what was good, what was bad, how to do something, and so on. And within that context you will see throughout the NHAO files that we were frequently giving them advice about doing things; because we have the expertise, rests in our agency or in DOD.

So, what I was to do on that was provide a list of people that can get boots or clothes or this or that and run them through our logistics system.

Q Did you provide any advice about who should be involved in providing the aircraft to carry the humanitarian aid down there?

A Yes.

Q Was Gadd or his company on your list of approved suppliers?

A We didn't have a list of approved suppliers, per se. They would ask you whether this is a good guy or that is a bad guy, and after Corporate Air was forbidden to fly into Nicaragua, they asked me to look into whether Gadd was a reasonable person or not.

Q What is the time frame on that?

A January, early January 1986.

Q What effort did you make to determine whether Gadd was a reliable person?

A I met with Gadd, and I had one of my officers, [redacted] [redacted], very experienced paramilitary officer, meet with Gadd. We met with him. We talked with him about his airplanes, talked about what he was flying, what he was doing, how he was operating, his cost figures, spare parts, so on and so forth.

Then we came to -- I didn't come to it, because I am not really -- I came to assessment of the man -- my [redacted] [redacted] officer came to the assessment of the operations, and we passed it to Mr. Duemling.

Q Did you do a credit check or a criminal check or look into his military background or anything like that on Gadd?

A Military background, yes. Credit check -- we checked his licensing. We checked whether he had the operators and all the permits needed to fly and found out essentially that he was a jobber -- he didn't have operators permits, and that he was subcontracting out, that he didn't have the structure and expertise that he claimed to have.

And we recommended to Ambassador Duemling that he diversify off there, and he did as soon as NHAO -- the [redacted] transshipment ~~trans-shipment~~ took place.

Q Do you know how Gadd came to you chosen by Duemling?

A I was told the FDN recommended him.

Q Did you also know that Ollie North was recommending him?

A I would suspect that Ollie North probably also recommended him, as well.

Q Do you know that from firsthand knowledge or do you assume that he did?

A Ollie North, at the meetings that took place, I recall, suggested and was forward leaning and supportive of NHAO using Gadd.

Q Did he explain why he was?

A No.

Q In your checks of Gadd, did you look into how he was going to finance his operation?

A Charge too much-for the flights and subcontract it was what we came up with.

Q Did you know he was going to use Southern Air Transport?

A No, but we knew that he was going to -- we didn't know specifically he was going to go subcontracting, but as we talked to him and got into it and [redacted] probed him about how he would run his operation, it was clear that he was going to subcontract out. And we thought Southern Air Transport would be one of them.

Q Did he disclose who his partners and employers were?

A No, he got very closed-mouth -- the more you probed, the more he got very mystic; and he made a lot of references to classified missions he was doing with DOD and so on and so forth.

And the alarm bells started going off in my head. The ~~[illegible]~~ shyster alarm bells started going off in my head, and [redacted] was coming back saying, "Fly-by-night operator." And when the alarm bells went off in my head, I never met with Mr. Gadd again, because I figured that was not someplace I wanted to be.

And I told [redacted] after one or two more meetings, "Don't go back and talk to him anymore."

Q Did he explain to you that Richard Secord was involved in his operation?

A I don't recall that mention of Secord.

Q That would have rung a bell with you?

A Yes, that would have rung the alarm bells.

Q So, it is fair to say that his name didn't come up.

A I am fairly certain he didn't tell me that. That would have rung a bell for sure.

Q Did he mention Rafael Quinteros was somebody he was associated with?

A No.

Q Did he tell you about the aircraft?

A He talked about his C-7 Caribous, yes.

Q Did he tell you how many he had?

A He must have mentioned it, that he had two. I remember him talking about the one that almost crashed going in there and having to throw stuff out of the aircraft.

Q Did you talk to him after he had had the Caribou down there?

A I talked to him while they were going down. The first one to go down was the one that almost crashed carrying the load.

Q They had to throw out the spare engine and refrigerator out the back.

A It was just the day after that happened.

Q Did he tell you about that?

A Yes, oh, yes. They had to throw it out, and he was sort of bitching and groaning about it, yes.

Q And it was your understanding that that Caribou would be used for humanitarian assistance flights only to [redacted]

A Also back and forth, yes.

Q To [redacted]

A It was my understanding that the FDN would probably contract to fly some flights also. I think that was all of our understanding, that these flights -- because the rules out [redacted] -- rules out of [redacted] by the time this was set up was that only FDN-controlled airplanes could fly from here to here, from [redacted] [redacted] and [redacted] to [redacted]

So, I knew it was essentially FDN-controlled, not a U.S.-contracted airplane.

Q You subsequently learn those Caribous were being used by the private benefactors to fly the lethal assistance, didn't you?

A Yes, I would say by March or by early March, yes, I saw the first indications that those flights were crossing the border into Nicaragua and flying lethal in

✓ Nicaragua, and I knew when they were not hauling NHAO stuff that they were probably shuttling lethal aid between [redacted]nd [redacted]

Q You knew by then that these people were the, quote, "private benefactors," didn't you?

A Yes, I knew they were going through a metamorphosis into the private benefactors, by, I would say, March.

Q So you knew that Gadd was one of the private benefactors, right?

A I knew that Gadd turned into one of the private benefactors. I suspected -- I smelled that he might be turning into a private benefactor when I met him and didn't want to get involved and backed away from it.

I did not like what I felt or saw and thought that that was much too close for me and backed away from it.

Q Did he say anything to you directly that he was planning to provide lethal assistance as well as non-lethal?

A Not lethal assistance, but he implied or said he was planning to fly into Nicaragua at one point in time, and I just pulled away from that.

Q Did he say anything to you which suggested that he had the approval of Ollie North for what he was planning on doing?

A I don't recall him saying anything like, "Ollie approved this operation," but I came away with the distinct impression that he and Ollie knew each other pretty well and that Ollie knew what he was doing.

And I came away, as I said, with a distinct impression that this was someplace I didn't want to be, so I didn't get back there.

Q On page 2 of the notes, first Exhibit 8. It says "(North) can use -- Mr. Green said to -- Maximo Gomez, [redacted] will airlift the stuff from [redacted]

Do you remember any discussion of Maximo Gomez at a meeting such as this in October?

A No, but as I told you, I don't recall that specific meeting, but I recall meetings in the fall where Maximo Gomez was talked about as the person who could handle the coordination on the ground i[redacted] for transshipment.

But I recall it being somewhat later than that. I recall when we were discussing, intensely, setting up the [redacted] ~~trans-shipment~~ transshipment operation, to my recollection, it was in December, not October. But that was the time.

Q Do you recall references to a Mr. Green in any of these meetings?

A No, I don't know who Mr. Green might be.

Q Felix Rodriguez, a.k.a. Max Gomez, has testified that he received [redacted] Exhibit 7 on September 29, 1985, that he, after receiving the letter, called Oliver North and said, "I agree to do what you ask," and North said, "Await the instructions from someone who will call and identify himself as Mr. Green"; that in December he received a call from a person who he later learned was Rafael Quinteros who said, "I work with Mr Green, and I have a flight coming in tomorrow with heavy stuff on it." It was a 707, SATCO 707 that contained ammunition.

Did Ollie North tell you anything about his proposal to use Max Gomez to allow flights of lethal assistance into [redacted] in December 1985?

A No. None of that -- that is all news to me. That is all new information.

Q So these references to Mr. Green and Maximo Gomez and air lift the stuff from [redacted] would be for something different?

A I have no idea what that is about.

Q Would you have remembered if it was something about a plan to ship arms into [redacted]?

A I would think so. I would think if they were doing that, yes, and I knew about it, I would remember that.

Q And you don't remember that?

A I don't remember that, and I am hearing Mr. Green for the first time.

Q Do you recall going to [redacted] with Oliver North December 30, 1985?

A I don't remember December 30, but I remember in late December time frame, yes.

Q [redacted] was on that flight.

A Bill Walker.

Q Yes.

A And myself.

Q How did you get to [redacted]

A We flew on a government airplane.

Q Not a Jetstar?

A No, it was a U.S. military airplane. It might have been a Jetstar, but --

Q A U.S. military plane?

A Took off from Andrews Air Force Base, went to, as I recall -- well, maybe it went to [redacted] first and then to [redacted] and then back.

Q What was the purpose of going there at that time?

A It was to coordinate [redacted] -- to make the final arrangements o[redacted] ~~trans shipment~~ transshipment operation, as I recall.

Q Who did you coordinate it with?

A I didn't coordinate it. I was the -- those meetings, whenever we travel down there, because of the need to present a united front, in all of those sessions we traveled as an interagency group. You never saw in that time frame, and even to this day, people dealing on the Central American issue traveling individually.

So, that was why that group was like it was -- State Department, NHAO, CIA -- as a -- and NSC.

We landed in [redacted] Ollie and I can't remember whether the Ambassador went with him and met with [redacted] and I stayed and met with [redacted] I did not sit in the meeting a [redacted] It was at that point that I delivered the first of two direct instructions. Our role was not to be involved in this thing. Our role was to provide verification reporting, what is in, what is out, and that is that, but not to be involved in any way with the thing whatsoever.

As I remember, I told [redacted] [redacted] that. We sat in a little anteroom, Bill Walker and I, while Ollie was off in the other meeting. I did not go into that meeting.

Q Had you been told by that point that in early December a 707 with ammunition, a SATCO 707, had been flown into [redacted]

A No, I had not been told that a 707 had been flown into [redacted]

Q In December 30 there was in storage [redacted] [redacted] approximately [redacted] pounds of ammunition that had been flown in.

Did you see that?

A No.

Q Did you know that any material was -- ammunition was being stored there?

A I would have known that there were still ammunition left from our earlier program before 1984, because we left it sit there and froze it.

I didn't know that fresh ammunition had been flown in until it was there December 30.

Q You hadn't received any reports that lethal assistance for the contras had been flown into [redacted] in December?

A I don't recall seeing a report like that. I recall a report -- and I can't put a point in time -- I think I recall a report of a 707 going into [redacted] but I would place it at a later date than that. I would place it in the spring sometime.

Q Did you have discussions with Ollie North in December about his plan to use [redacted] both as a place for the humanitarian assistance shipments and for lethal assistance shipments?

A I didn't know Ollie had a plan that he was actively involved in to move stuff around, and I don't recall talking in specific terms about -- as a matter of fact, I didn't talk to him that I can recall about moving the co-locating and piggy-backing on the NHAO program to fly lethal supplies out of [redacted]

Later, in 1986, February or March, when we started planning, I talked -- we talked about the use of [redacted] in a different role and whether or not we would use it in our program, but I don't specifically recall a discussion with Ollie.

Q How about a general discussion in December 1985? Did you have any idea that there was a plan that involved --

A No.

Q Just of [redacted] to ship arms to the contras?

A No, I don't have any -- no. I think my understanding that lethal equipment was going to be flown out of [redacted] or that lethal equipment was [redacted] probably started developing in February 1986 or later than that.

Q Did you understand that some of this humanitarian assistance would end up with the Southern Front as well as with the FDN?

A If it could be gotten there.

Q How did you think it would be gotten there?

A Well, as you noted from the record, we knew that was a problem and didn't -- couldn't figure out just how to get it there, and we came up with the idea of a direct drop flying from the States into the Southern Front to get some symbolic -- symbolic material delivered -- more than symbolic a start.

In fact, we worked with NHAO and provided them some technical support to make a drop which they finally got done successfully before we just figured that, given everything, it was too hard for NHAO to do, and they didn't try it again.

Q So, you did one drop. And what was the plane that was used?

A It was a [redacted]

Q Whose plane was it?

A From [redacted] -- I think it was [redacted] That may not be the correct name, but it was run by [redacted]

Q That was the only direct drop of humanitarian assistance to the Southern Front?

A Yes.

As a matter of fact, I want to put something on the record at this point in time.

Q Yes.

A And it is important that shows you kind of where in my mind I was in December, early December of 1985. There was a meeting in either late November or early December, just before the final conference -- well, the conference was going on on the Intel Authorization Act in which

McFarlane shared and asked the conferees to attend. And Congressman Hamilton, Congressman Stump, Congressman Cheney, maybe Congressman McCurdy were there, and one Senator -- Senator Durenberger came; and the thrust of it was to argue rather passionately for the Intel Authorization Act allowing CIA to provide logistics support to the resistance forces, because it was so critical.

And I will tell you very honestly I was in the forefront of arguing for that; because I felt if the logistics delivery system couldn't get fixed, if we couldn't get back in and lay together something that was not functioning right, that we had a serious problem.

And I argued long and hard in sort of my capacity as working on the legislative team that was involved in this to get that thing fixed.

At that point in time, if I had known this, I might have been less passionate in my arguing and slightly more relaxed, but I didn't know any of this stuff.

Q Did you ever have any contact with Rob Owen?

A No.

Q Did you know that he was being used as a contractor by NHAO?

A I knew that, yes.

Q How did you know that?

A It was discussed in various NHAO meetings during the fall of the year about whether or not to put Rob Owen on contract, how to put him on contract, what his role would be, and so on.

Q Do you know who the principal proponent of putting Rob Owen on NHAO payroll was?

A Yes.

Q Ollie North?

A Yes.

Q Did he say why?

A "Rob Owen is a good kid." Rob Owen knows these people. Rob Owen has been around them, developed good contacts. They trust him.

Q Do you recall a letter from the AAA representing Owen?

A I recall discussion of the AAA recommending him and so on and so forth.

Q Okay.

A I don't recall that specific letter, but I recall the topic.

Q Did North ever tell you what he had Rob Owen doing in Central America?

A No. And I never asked.

Q Did you always understand that Rob Owen's sole role in this thing was as consultant to NHAO?

A Rob Owens' role was ubiquitous. In the 1985 era, he was a count -- the Miskito Indians and other areas. He was a person who had contacts and so on and so forth.

In that time frame, I really didn't know what he did. I developed someplace in 1985 an understanding that he was working with Ollie, and that was another person that I refrain from meeting.

Q How did you understand that, come to understand that relationship?

A Ollie mentioned him a couple of times in discussions, and I think Rob Owen in discussions around when people mentioned Ollie. And it became clear that there was a connection between Rob and Ollie.

And then in 1985, summer of 1985, Ollie took a fairly strong advocacy position in NHAO picking up Rob Owen and putting him on board, and that sort of put the rest of the package together.

Q Did you later learn that Rob Owen was doing -- continued to do work for Ollie after he was on the NHAO payroll?

A No. Rob Owen is a person that I did not focus on. I didn't focus on his activities and didn't get involved with that and didn't know that while he was on NHAO payroll he continued to work for Ollie North.

Q Can you explain the 10 percent rule to me?

A I can try.

Q Go ahead.

A I told you I was -- I participated in the early days of discussions trying to define what NHAO could and couldn't do and how CIA and DOD could or couldn't relate to NHAO and define the parameters of that operation.

One of the issues that came up was these planes are flying from point A to point B and hauling things, and this is a war -- must they always fly with NHAO when they are carrying NHAO material with only nonlethal stuff? What-happens-if-there-is-some-space-left-over kind of ~~a~~ discussion.

At that point -- and this is where I don't have direct knowledge -- it is my understanding that the Department of State and NHAO had some additional discussions, to which I did not attend, with Congressman Hamilton and some others on the oversight committee; and they talked about this question. And ultimately they came down with saying that if there is some small and relatively insignificant space left on an airplane, it is not inconsistent with the law to put -- fill it up with on-a-space-available basis, with some lethal material.

And so, there was discussion, and again, I couldn't pin the date down or the time or the specifics of it. They talked about, well, what does that mean, and outcomes; well not more than 10 percent. I recall that actually being discussed and then us sort of relaying it down there in our verification role that you can't have more than -- make sure there is not more than 10 percent lethal on any particular flight.

They flew a few flights that way. It continued to be debatable, continued to be controversial. Elliott Abrams was uncomfortable with it.

Then we had one flight that the FDN tried to take off with, sneak out, that was almost totally lethal.

Q That was in February of 1986?

A Something like that. I don't remember the date, but it is that time frame.

And our [redacted] man [redacted] caught it, and he reported it, and at that point Elliott Abrams said, "Let's knock this off totally and completely. This is too sensitive."

So, someplace in there the 10 percent rule went away. That is how I remember it.

Q Let me represent to you that one of the cables I have says that -- a cable of February 22, 1986 discusses the flight that was here described as 50 percent lethal.

It is fair to say as of that date, as of February 1986, you knew that lethal assistance was being shipped out [redacted] as well as hunanitarian aid; is that right?

A I think it is fair to say before that.

As I said, sometime in February, but maybe before that date, yes.

Q How did you discover that they were shipping lethal assistance out of there?

A I don't directly recall that, but my guess is [redacted] -- I don't know. [redacted] asked us about it or it came up at a RIG meeting. I just don't recall how it came up specifically, but at one point in time one knew there was lethal stuff there.

Q Who did you understand to be the people shipping the lethal stuff out?

A I understood at that point in time that the FDN suppliers, the same people that are provided our supplies, I thought, up to around -- all during 1985 had taken some supplies into [redacted] and it make perfect sense because [redacted] weren't allowing anything to come into the country at that point in time.

So, I thought they had just taken it on in. I never asked the question and I don't remember specifically focusing on it.

Q Well, would you agree with me that you must have come to the conclusion in January or February that the same people that were shipping the humanitarian aid were shipping the lethal aid?

MS. MCGINN: I object to the form of the question.

BY MR. BARBADORO:

Q You can answer that. She is just putting on the record her objection.

A Would you ask the question again?

Q Sure.

Is it fair to say --

A I heard the objection.

You broke my concentration.

Q Is it fair to say that in February 1986 that you knew that the same people who were providing the humanitarian aid and shipping the humanitarian aid were also shipping the lethal aid?

A It is fair to say that, and let me tell you why it is fair to say that.

[redacted] had stipulated that only FDN-controlled aircraft could make that shuttle, and the aircraft had to be covered by and affiliated with the FDN and not U.S.-run airplanes.

The initial flights that were carrying the supplies from[redacted] the very early ones from [redacted] t[redacted], was the FD[redacted] carrying lethal stuff all over creation, and I knew the Caribous, that the C-7s, were when they were making that transshipment ~~trans-shipment~~ flight, were available for contract when not otherwise working for the NHAO contracts to carry over stuff for the FDN, and other stuff only meant lethal material.

I knew that that -- I knew that was going on.

Q Okay.

You knew that Gadd was the one that was leasing out the Caribous, right?

A Yes.

Q And you knew that Gomez was the one who was used to get the contacts to get the planes into [redacted] in the first place, right?

A Yes.

Q And you knew that both of those people had contacts with Ollie North. Because it was North that had suggested Gomez as the person with contacts in [redacted] and North was one of the people who was pushing Gadd as a contractor for NHAO, right?

A Yes.

Q And is it fair to say that you knew that North had connections with these people as early as February of 1986?

A It is fair to say that I knew that North was arranging for these people to be involved in this operation, and it is fair to say that I backed right away from it and didn't want to get involved in it.

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It is fair to say that I instructed [redacted] [redacted] to stay away from it and instructed CIA people to stay away from it.

And I did not try to develop a clear picture of all those things.

Q So, you knew that North had connections to these people; and you decided at that point that you didn't want to know more, right?

A I knew at that point in time that that is right. I was just not going to get involved with it. My job was and had been to keep the agency within the boundaries of propriety, and to do what I could within the framework of the law to support the President's policy, and that is what I did.

I backed away and tried to make sure that everybody else backed away and stayed away from places where we saw potential grief.

Now, all that said, I did not try to put all these pieces together and say, "Look at that;" but I think there were about a hundred other people in this town with exactly the same degree of knowledge that I had, if you look at it.

Q But even though you knew these things about this resupply effort in February, you didn't inquire of Ollie North about what his precise connection was and who these

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people were and who was funding them, etc.?

A I didn't ask Ollie North questions that I knew or thought might put me someplace I didn't want to be.

Frequently, I did not like -- I wouldn't give Ollie a chance to talk to me about those things. I certainly didn't ask him where the money was coming from and what all this stuff was and how all this was going down and tried to keep myself uninvolved.

Q In February of 1986, you had a confrontation with Felix Rodriguez [redacted] correct?

A Yes -- well, I had a confrontation in that time frame. I am not sure it was February. I could check the record and get the date.

Q Can you describe the circumstances of that situation?

A I had gon[redacted] for meeting[redacted] and I got a message while I was[redacted] that because of the friction at [redacted] and Max Gomez, in particular, and the Ambassador being concerned about that whole operation, where and how it was going to work, he asked me to come over -- Ambassador[redacted] did.

While I was [redacted] I had reviewed[redacted] position, you know, what is[redacted] position, and it was very clear that only, as I have said, planes controlled by the FDN, FDN contractor or owned airplanes could make that [redacted] hop.

And both Ambassador [redacted] and [redacted] were very firm on that point. They said, "If you deviate from this at all, if there is any deviation, we will get back into the same brouhaha", and they will close down the flights immediately. And make sure they understand that because they don't believe NHAO can run this thing."

So, I flew over t [redacted] and I landed there. Our [redacted] met and [redacted] they were both jumping up and down, because they knew the rules, too.

They said, "There is a big C-130 over there loading up over there." And I said, "What? Where is it going?"

And they said, "It is going to take it to [redacted] They said, "No, it's not. If it goes there it destroys the whole procedure."

And I said, "Let me see it." So, we drove over and looked at it, and there it was, the SAT C-130. I walked up to somebody -- and to this day I don't know who it was -- and I said, "Where is that going?" And they said, "It is loading those supplies to go to [redacted]"

And I said, "Who told you to do it?"

"Felix."

And I said, "Where is Felix?"

They said, "He is in his hooch." And there were a bunch of people milling around the warehouse, loading this airplane up.

Q What was it being loaded with?

A I don't know. I never looked at the cargo, but it was boxes, not ammunition boxes. Soft boxes, cardboard boxes. You can tell an ammunition box from another box.

Q So you can't say what was in it, but you know it wasn't ammunition.

A It wasn't ammunition boxes. They are all wooden boxes.

These were cardboard boxes. Looked to me like it was software, uniforms and quartermaster and such. I didn't walk into the airplane. I just looked at it and watched what was on a truck ready to go up the ramp. I went in, introduced myself to Felix.

end mag

This is the one and only time I have ever met Felix. I shook his hand, said, "Hello," told him who I was, [redacted] Chief of the Central American Task Force.

"Where is that C-13 going?" [redacted] "Who told you to lead it?" He said, "Ollie." I said, "It can't go." I'm not sure. Correct that. I said, "It can't go to [redacted]" and I said, "you just can't send it."

He said, "Well, Ollie told me to send it." And I said, "Well, let's call Ollie." So he picked up the telephone and dialed Ollie's phone number. He said a few words to Ollie, and I picked up the telephone. And I said, "Ollie, that god-damn airplane can't go. If you do it, it is going to bounce the whole agreement. It just can't go."

And Ollie said, "Okay, give me Felix." And I gave it back to Felix, and the airplane turned around and went back. And I reiterated the ground rules to Felix and met with th[redacted] told him about the incident, told him about the ground rules, reinforced t[redacted] that we were not to be involved, and told the [redacted] ~~what~~ that our role was to be, and left.

The next morning I left, I believe; and I came back and told Admiral Duemling about it and to this day I do not know how that C-130 got down there or why it got down there or what it was doing. I only know -- that was the specific actions I did to keep the agreement from being imperiled.

Q You would agree with me that you knew that at that point that Ollie North was controlling this operation?

A I knew at that point that Ollie North was probably involved in it, yes; and that Felix would respond or would talk to Ollie, and I knew he wouldn't listen to me.

Q He wouldn't listen to you, but he would listen to Ollie.

A He didn't like me. I was CIA.

MR. BARBADORO: Off the record.

(Discussion held off the record.)

BY MR. BARBADORO:

Q Back on the record.

When did you learn that missions were being flown from [redacted] to ~~to supply~~ resupply Southern Front troops?

A March maybe.

Q How did you learn that?

A Reporting from [redacted]

Q Do you recall getting requests from [redacted] for flight vector information, weather reports, intelligence for southern flights.

A Yes.

Q Is that how you would have learned when you got that information or request for flight vector information for the flight?

A Either that or maybe a report that a drop took place, one of the two.

Q When you got those requests from [redacted] i[redacted] what did you understand his role to be in the operation?

A I understood his role to be one of passing that information on to someone in the Southern Front set-up. By that time we were setting up the Southern Front communications center and either getting it to the FDN or getting it to the private benefactors for delivery. But -- or passing so they could coordinate operations.

Q So he was, as you understood it, merely receiving the information passing it on to somebody there[redacted]who would then relay it to the right people.

A Or passing it, yes, passing it on, essentially, yes.

Q When you learned that these flights were going to the southern front, how did you understand they were able to make the flight direct from[redacted] and back without stopping?.

A I thought they were C-123 K's with extended range capability. The C-123 K can make that range.

Q And the flight vector would have been for a plane of that type that would make a round trip without stopping.

A Yes.

Q You didn't have any idea they were using an air field in [redacted] as a place to refuel.

A I still don't think they did. I had no reason to think that the air ~~fiel~~ field [redacted] was operational and that they were making stops and staging out of there.

Q Did you have any idea that your [redacted] [redacted] on at least two occasions arranged for the planes to refuel [redacted]?

A No -- my [redacted] arranged for it?

Q Yes.

A No.

Q Did you know that they stopped to refuel at [redacted]?

A I heard one time that they stopped to refuel there and I thought that what I had heard -- I heard this subsequent to that, just recently as a matter of fact, that the DAO, someone at the DAO's office arranged for their being refueled.

Q What is DAO?

A Defense Attache Office. But I did -- you just told me for the first time that our [redacted] [redacted] made that arrangement. I did not know that.

MR. BARBADORO: Let me have this marked as [redacted] Exhibit 9, a cale dated 11 April 1986, regarding night flight by NAHO L-100, CIIN Number 2008, and as [redacted] [redacted] 10, a cable dated 12 April 1986, subject ~~to supply~~ resupply flight aircraft, CIIN Number 1710.

(The documents referred to were marked for identification as [redacted] Exhibit Numbers 9 and 10, respectively.)

MS. MCGINN: That should be [redacted] 10.

MR. BARBADORO: [redacted] 10, yes. It has been a busy couple weeks.

BY MR. BARBADORO:

Q [redacted] Exhibit 9 and 10 describe an L-100 resupply flight that arrived on April 9 [redacted], and then left on April 10 and apparently made a drop to the Southern Front of lethal assistance.

Having read these cables, do you remember receiving them?

A No. But that doesn't -- I received [redacted] cables a month, and I just don't remember those two.

Q Having read the cables, do you remember the flight?

A I remember -- now I know from after the fact that an L-100 or I have seen after the fact that -- allegations that L-100 went in there, but I don't remember having read those or remembering that specific flight at that point in time.

Q Would that have been a ~~SATCO~~ SAT Co. plane?

A I have no way of knowing, no.

Q Do you recall that the L-100 made a lethal drop to Southern Front?

A I recall reading some place that L-100 did make a drop to the Southern Front.

Q Okay.

A I don't recall where I recall that from.

Q [redacted] and [redacted] and [redacted] are Southern Front commanders?

A All Southern Front commanders.

Q Did you have any knowledge of this flight prior to the time that it left?

A No.

Q Did you ever discuss this flight with Oliver North prior to the time it left?

A No.

MR. BARBADORO: I would like to mark as [redacted] 11, a CL-43 message from Ollie North using his alias, Goode, to, I believe Richard Secord. In any event it is a message obtained from STTGI.

(The document referred to, was marked for identification as [redacted] Exhibit Number 11.)

THE WITNESS: I don't recall ever discussing that with Ollie North.

MS. MCGINN. I haven't finished with that.

THE WITNESS: What is the date of that, may I ask?

MR. BARBADORO: It doesn't have a date. By context it would be before the flight.

THE WITNESS: I have no recollection of having discussed that with Ollie North.

BY MR. BARBADORO:

Q [redacted] would you agree with me that this Exhibit 11 appears to describe the L-100 flight which we know from --

A May I see it again?

Q -- that we know from [redacted] 9 and 10 we know made the drop on or about April 10, 1986.

A It could describe that, yes. It looks like it does.

Q Would you also agree that the message says that [redacted] has approved the proposed flight?

A That is what it says; but as I said, I have no recollection of ever having discussed it. And it was not within my purview to have approved such a flight; and I wouldn't have done that.

Q Let's be clear. Are you saying you did not approve this flight prior to the time it left?

A What I am saying is I don't recall ever having discussed that flight with Ollie North. I don't recall having sort of said I approve that flight. It was not in my purview to have approved that; and given my posture and the way I dealt with all this stuff, the very most I would have done is listened. And I don't recall even having listened. I don't recall talking with Ollie North about an L-100 flight going into the Southern Front.

Q Did you approve any of the Southern Front ~~re supply~~ resupply flights prior to the time they left.

A Did I approve? No, as I said, I was proscribed from being involved in those things; and it was not mine to approve. And I wouldn't say, "Drop t[redacted]" or this or that. I would not do that. That would have been a clear violation of the law.

To do so would have been folly of the first order. I did not approve those flights.

Q You agree with me that that message says that [redacted] has approved?

A I agree with you what the message says, but I also know there are other things that I am alleged to have done in Ollie North's messages that I didn't do. There is also the PROF note where --

Q Go ahead.

A There is the PROF note which I have read in which I am alleged to have done something with regard to telling him to buy food. That I didn't do.

MR. BARBADORO: Off the record.

(Discussion held off the record.)

BY MR. BARBADORO:

Q Back on the record.

Oliver North made a trip to [redacted] on or about April 20, 1986 with Richard Secord. Do you know he made that trip?

A No.

Q You were not down there at that time?

A No, not with them, and I don't know what my travel record is; but I was not with them on that trip.

Q Do you recall in cable traffic the meeting is described as a meeting with U.S. officials and officials from the FDN [redacted] was at the meeting, and other FDN officials.

Do you recall that meeting at all?

A I recall sometime in the spring of the year [redacted]ing [redacted], but I couldn't put a date and time to it without reviewing extensive records.

Q You were not at that meeting?

A I was not at that meeting, nor were any other

CIA personnel that I am aware of.

Q When did you become aware that there was a problem with [redacted] regarding his relationship with the private benefactors?

A March 1986 and whe[redacted] when we discussed it [redacted] was when I knew that there was a problem.

Q What did you understand the problem to be?

A Direct contact with the -- passing information directly to private benefactors.

Q Did you know how he was passing the information directly?

A No.

Q What was it about his role that was troublesome?

A Well [redacted] took the lead in that discussion somewhat as I think I have testified, and that surprised me in the way he came on in the discussion. As this unfolded, what was troublesome was it became clear tha[redacted] was passing information directly to the private benefactors and that was something that we were not to do.

Q If he had merely received the flight vector information and passed it on to the contra leaders in [redacted] by giving them the message, that wouldn't have been a problem.

A That wouldn't have caused me a problem, no.

It was a direct contact and direct association, not so much that we thought it was illegal. We thought we were putting ourselves in harm's way much the same way I backed away from Dick Gadd and much the same way we backed away from all these people. We knew that this was, as I have said, I knew that this was potential dynamite and that we, CIA, wanted to stand clear of this thing and stay within the boundaries of propriety and not get involved.

We felt that that direct contact was, and passing information was too close, too much involvement and laid ourselves open to either criticism politically, which is what we were most concerned about, or worse.

So therefore we once again reiterated, and as I said, [redacted] took the lead and that surprised me in laying down very clear instructions that al[redacted] I think, understood.

Q When did you learn tha[redacted]had a secure communications device he was using to communicate with the private benefactors in the Southern Front?

A Octoberish, late October when this whole issue became-- when we started to investigate the issue -- let me back away from that. We went down to a trip with Elliott Abrams sometime in October, right after the law had passed, and we made one of our swings down to say, and now this is what we are going to do, and we stopped in each country and made our briefings. [redacted] told me that he had had these contacts and these phone calls had taken place, and they were likely to break in the newspaper.

~~Admiral~~ Ambassador Tambs told me the same thing. I came back and reported those and shortly thereafter our compliance officer, [redacted] went [redacted] and -- went to [redacted] I guess, it was, and debriefed [redacted] and came back and said [redacted] had this communications device. That was the first point in time that I had heard about it.

Q Okay.

A That I recall hearing about it, and I think I have a pretty clear recollection of that on that case.

Q Did you ever give aerial photos to North to pass on to the contras?

A Did I?

Q Yes, in 1984.

A Aerial photos? In 1984?

Q Yes. How about specifically concerning some [redacted] that the Sandinistas were acquiring or were using?

A No, I don't think I did. I don't recall doing it, and I don't think I would have.

Q Did you ever provide North with ~~mpas~~ MPAs or order of battle information, something like that, to give to the contras?

A Certainly not before the law changed in December 1986 and I don't recall doing it after that point in time. He made some requests, but I don't recall giving -- as a matter of fact, I know a couple times I didn't.

Q Rob Owen~~s~~ says that in 1984 he was given photographs of-- aerial photographs of [redacted] to carry to Cal~~a~~ero, and he understood they came from you.

Do you know why he would have gotten those photographs if he didn't get them from you?

A . Anyone of a number of places but I don't know where.

Q We have gotten them from the agency?

A Probably could have gotten them from the agents. Could have gotten them from the DOD, too. They would have contact with him. I can tell you categorically I did not give him those photographs in 1984.

Q Do you recall giving some maps to North to be brought to the contras in March of 1985?

A No, and I wouldn't have done it in March of 1985 because the Boland restrictions were still in place. I would have found a way not to comply with a request like that if I was given one.

Q Do you recall giving any maps at any time to North to be brought down to the contras, maps that were too large to be carried on a commercial flight?

A No. God, no. Absolutely not.

Q Do you have any idea what I am talking about?

A No. Throw out your exhibit and let's look at it.

Big maps?

Q I'm sorry, I don't have the first interviews of Robert Owen. I have the second. I will just quote a passage from it.

On the map story of March 1985, previously summarized, Owen said [redacted] had prepared the maps which he was supposed to take to the FDN. At first, however, the maps he gave would be too large to carry on commercial flights, and they had to have them redone."

Do you know what he was talking about?

A No, and in 1985 we had hard core Boland restrictions and we would not have prepared maps to give to the FDN, because we were prohibited from providing any intelligence. I would not have done that kind of task.

Q You didn't do it at that time?

A No.

Q Do you recall doing it later?

A Intelligence maps for the FDN? We provided a lot of intelligence of 1985, but I don't recall preparing a big map and that kind of stuff.

Q Did y[illegible] North to give

to them?

A North asked me one time as I -- at some time for air defense information, jumping up and down; and I don't think I gave it to him, but this would have been in the spring of 1986. I don't think I gave it to him, but he was particularly forceful at that point in time. And I don't think I did, but there is a possibility I might have. But on the other thand, that I didn't.

He would ask for intelligence, and I would back away from it. Now there is -- he could have gotten a lot of other intelligence in his role as director of Central American Affairs for NSC. It was entirely possible I provided briefing boards for the President or for Poindexter or McFarlane, because he would ask for them and I don't recall specifically doing it, but where I would have done a briefing he would say, ""Give me that. I want to use it for briefing," this or that or the other thing, and I may have given it to him.

But, "Would you take that down and give it to the contras or the FDN for me," that is not how we do business, and it is also against the clear instructions in the prohibition.

Q North asked you for intelligence information at a couple points that you didn't give him.

A A couple points in time I backed away from it, yes.

Q Did he say it was for the contras?

A No, it was for the NSC, but I didn't give it to him because I didn't like the feel of it.

Q You went to a meeting in Don Gregg's office in August with, among other people, Michael Abrams.

A I don't think Abrams was there.

Q You don't think Abrams was there?

A No.

Q When did that meeting take place?

A Sometime in August of 1985.

Q ~~about~~ About the 14th of August?

A The date is around the 14th of August. I don't remember the exact date.

Q Who asked you to come to the meeting?

A Don Gregg.

Q Did he say why?

A To discuss if he likes Rodriguez and problems and such.

Q Did anyone else from -- was anyone else from CIA asked to go?

A No, just me.

Q Who else do you remember being at the meeting?

A Bill Walker. Admiral Ccre, I think. Ray Burghardt, myself, Bob Earl, Sam Watson, and Don Gregg. I am vague on whether or not Colonel Steele was there. I just can't remember. Vaguely I remember he was, but I would never put my hand up and swear to that. I don't think Elliott Abrams was there.

Q I think you are right. I quoted from the wrong list.

A I don't think Jim Michael was there, although he could have been. Bill Walker was the senior state representative at that meeting, I think.

MS. MCGINN: Was that 1985 or 1986?

THE WITNESS: 1986.

MS. MCGINN: I think you said 1985.

BY MR. BARBADORO:

Q How long did that meeting last?

A I can't -- half an hour. I don't know, 45 minutes. Wasn't a long meeting, as I recall.

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Q And what happened at the meeting?

A The thrust of the meeting was two-fold. Some of this I recall now after reading over accounts of it. The part of the meeting that I remember was I was getting beat up severely by Don Gregg about the negative agency attitude about Maximo Gomez, Felix Rodriguez, who was really a good guy and not a bad guy and who had the best interests of the U.S. Government at heart and so on. And he really didn't understand why I didn't love him and that we should understand that he was a decent person.

And they went into great lengths to convince me that he was -- he, Felix Rodriguez -- was okay.

Then there was a long discussion about the aircraft [redacted] and that Felix was afraid that they would be stolen by disreputable characters. My recollection of that has been significantly refreshed by reading things in the newspaper subsequent to the meeting.

I didn't really recall that other meeting, but I do now.

Q Who was the disreputable characters that were discussed?

A He didn't go into great detail on that. He didn't name names, as I recall. I remember at that point being once again distinctly nervous -- not nervous, but just uncomfortable being there. I didn't like the way the discussion was going. It was obvious that they were leaning in on me to make some declaration about what we were going to do with these airplanes when the program came back on line, because at that time it was clear we were going to have [redacted]

Q Prior to that point, had North come to you and asked you to purchase the aircraft?

A Yes.

Q When did he come and ask you to purchase the aircraft?

A July-ish.

Q What did he tell you about the aircraft?

A He just said, "Why don't you purchase these airplanes? They are there, working. They are good airplanes. Could you buy them for -- would you be willing to buy them? Why don't you buy them?"

I told him, "Ollie, they are hot cargo. First, they are bad airplanes, junk buckets."

Q You knew they were in terrible condition.

A I knew from way back with our discussions with Dick Gadd that the C-7 was a bad airplane. We knew technically it is a bad airplane.

We know they are old. We know that to maintain them is difficult. They are gas hogs. They are not reliable, blah, blah, and [redacted] told me a long time back in this operation we want good equipment. He was the fellow that was one of my advisors. So we had made a decision in May what kind of airplanes to fly.

And I told Ollie, "No, they are hot cargo, they are bad airplanes, and I am not going to buy them."

Q Did he offer to sell you the air strip, too?

A The air strip in [redacted]

Q In [redacted]

A No, because at that time we never -- at that time the thing was shut down an[redacted] had said you can't use it, [redacted]

Q Did he discuss a price for the airplanes?

A No, I don't remember a price on the airplanes. I can't say yes or no, because I have read so much subsequent to that.

I just remember him asking us to buy the airplanes.

Q Did he tell you who would be selling the airplanes?

A No.

Q Did he tell you how he had come to be authorized

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to offer them for sale?

A No, he said, "Why don't you buy them from the private benefactors? It would be a good thing, and then you could have [redacted]."

I think what he really wanted for us to do was pick up the whole thing, kit and caboodle.

Q At that point, did you know that Secord was connected with the private benefactor operation?

A By that time I had developed an understanding that Secord was around it, but I don't think it really crystallized even at that point that Secord was the private benefactor.

But I knew that -- I knew he was around it. If you recall, there was an announcement or a publication, I think, prior to that or around that time on television that Secord was involved in the sale of the Maule aircraft and so on and so forth, and either right in that time frame -- either before it or shortly after it, I began to develop an understanding that Secord was really -- had his footprint on the middle of this thing.

But I didn't really know the extent and depth of it until things started to unfold in the fall of the year.

Q Let's go back to the meeting in Gregg's office.

Was there any discussion about the fact that this -- that Felix had been charged with air piracy for stealing one of the aircraft and tha[redacted] was upset about the way Felix was being treated and that the whole operation was in danger?

A There were discussions about Felix having tremendous friction with the people running the airplanes. [redacted] being upset, thinking that the airplanes were going to be stolen or taken away and they would not be available to support the resistance.

The air piracy thing I don't remember specifically, but I remember there was a lot of discussion about the friction, the tension, the bad guys, Don Gregg warning us -- Don Gregg has told me subsequently again. And I had forgotten this, and he says -- he said it, so I believe it -- warning me not to buy the airplanes. And I told him, "Don't worry, we are not going to buy them anyway. They are hot cargo," blah, blah, we won't touch them.

Then I remember walking out of that meeting and rolling my eyes, saying that that was the wrong meeting to be at.

Q Did Don Gregg mention Ollie North's relationship to these private benefactors in this meeting?

A The clearest recollection I have of Ollie North out of that meeting was Bob Earl saying, "Ollie North should be here. Ollie should be at this meeting," a I-really-don't-know-what-to-say kind of thing.

Q Did Gregg mention Ollie North's connection with these people in any way?

A I don't recall him specifically mentioning Ollie North's connection with these people. I remember him looking -- I remember him and Bob Earl talking about Ollie and saying -- I don't know, really -- Ollie should be here to answer the questions.

I remember when Ollie came back he was upset that the meeting had taken place.

Q You remember -- you were told at least that Don Gregg -- you do remember that you were told -- Don Gregg said to you, "Don't buy the aircraft."

A Yes, and I don't doubt that he said something like that.

Q What other decisions were made or discussed about how to deal with this problem?

A There were no decisions made. Everybody was terribly reticent at the meeting. I remember Bill Walker, Ray Burghardt, and myself were backing away from this thing, saying, "Yes, yes, yes. Ambassador Core was -- they are talking in terms of the importance of the Felix Rodriguez [redacted] connection and that that is an important thing, and you can't try to break that. They are padres," and so forth and so on.

The only two things that I can remember that were decision-ish was that we would sort of not trash Felix, that we would just try to -- try to get along with him, and we had taken that decision.

And second was I said, "We are not going to buy those private benefactor airplanes for these reasons. Don't worry about it." That sort of closed down that area of concern, as best I can recall.

Q Now, you have said that when you walked out of the meeting you said to yourself, "This is a meeting you shouldn't have been at."

A Would rather not have been at.

Q Would rather not have been at. And you can recall everybody trying, or most everybody trying to back away from it.

A Yes.

Q Was it your feeling that things were being discussed at this meeting that you didn't want to know or that it was possible that things would be discussed that you didn't want to know?

A It was possible. I think my recollection was there were things being discussed there that I was not interested in knowing, yes, or being involved with or being around; and I just wanted to be away.

✓

Q You knew it was dangerous if you heard things about Ollie North's connection with this group, right?

A I knew that I -- I knew from the very beginning of my time in the task force that I wanted to stay away from harm's way and backed away from things that were, in my view, controversial either politically or questionable legally; and my tack was to play a passive role, to not seek things out and look the other way.

Q Why were you so concerned about looking the other way at this meeting?

A Well, because there was discussion of -- they were discussing the private benefactors. They were discussing Felix's role with the private benefactors and sort of indicating to me that they wanted to really come to grips down to the nuts and bolts of that operation.

Q Weren't you concerned that when you got to the bottom of it there would be a U.S. Government connection to the private benefactors and that raised a question of illegality and you didn't want to know that?

A There was a concern that I didn't want to be in that meeting, because I didn't know where it was going. And I wanted to back away. You know from most of your fact gathering and from my testimony that that is what we did at the agency consistently. Whenever we were someplace we felt uncomfortalbe we backed away.

Q But let's be clear. You knew Ollie North was just as close as could be to this operation, and you didn't want

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to have anybody tell you that directly. So you wanted to get out of that meeting as fast as you could, right?

A I didn't want to discuss it. And I wanted to get out, be out of that meeting so that I was not in that situation where we were discussing the inner workings of what was going on.

Q But be frank. The reason you didn't want to discuss it is because you knew of Ollie North's connection and you didn't want to have anybody confront you with it?

MS. MCGINN: Objection to the form.

You have asked that a number of times. And you know you are fishing for an answer, but he gave you an answer.

BY MR. BARBADORO:

Q Give me an answer.

A I will give you an answer.

Our policy -- I think the U.S. Government policy, the agency policy -- was one of keeping ourselves legal, not getting involved with the private benefactors, and not interfering with their operations and looking the other way, not probing it, not interfering with it, and not supporting it.

And I was keeping -- I was staying -- I felt that that meeting put me in a place where I was being pulled beyond where that policy took me, and I didn't want to be involved in it. And I didn't want to be involved in a

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discussion of what Ollie North or anybody else -- Felix Rodriguez -- may be or may not be doing. I didn't want to be involved in that. I wanted to stay out of it.

Q If there were no U.S. Government connection to what Felix Rodriguez were doing there would be no problem for you knowing about it; isn't that right?

A If there were no U.S. Government involvement -- that is right, yes.

Q The problem you were worried about was the possible U.S. Government connection, right?

A The problem I was worried about was the unknown, where the money was coming from, and getting involved in what may be a private benefactor operation that related back into the unknown that I didn't want to be associated with, because I was still dealing under restrictions, restrictions saying that I could not be involved in providing support to the contras outside a very narrowly defined thing.

Q But your knowing about it wasn't providing support.

A That is right, but I didn't want to know about it. And that is, you look through the testimony from October of 1986 after the C-123 crashed in southern Nicaragua, in testimony in front of the Senate Foreign Relations Committee. That is exactly what we said. We remained in the status of willful ignorance on this.

Q You knew that Ollie North had a pre-existing relationship with Max Gomez, right?

A Yes.

Q You knew that he had a relationship at least to the extent that he was supporting Gadd's effort to get a NHAO contract.

A I knew he was arguing in favor of Gadd -- was a proponent.

Q You knew in February of 1986 that Ollie North was in a position of controlling the disposition of these flights.

A Not controlling. I knew that he was in a position of influencing them, and that Felix listened to him and wouldn't listen to me.

Q You knew Ollie had pictures of the private air strip?

A Yes.

Q And you knew Ollie discussed the air strip on several occasions?

A Yes.

Q Isn't it true that you knew that Ollie North's fingerprints were all over this private benefactor operation and the reason that you didn't want to be at that meeting was you were afraid somebody might say it?

A I knew from I think when we start back into

November of -- early December-January of 1985 that Ollie North was deeply involved in the program for arranging private support to the resistance forces.

I have said that from the beginning, from the time we began this thing. I did not know the details of how Ollie did that. I didn't seek the details of how Ollie did that. I didn't know whether or not he was directly involved in the management.

As time came along and as I -- as this developed, I developed more of an understanding of Ollie being in the center of this thing. I still didn't understand the details of it, but I knew that he could influence it.

I knew that he could affect it. I knew he knew what was going on, and I knew he knew the details. And I took a position that I didn't want to know the details, and even on a couple occasions Ollie said, [redacted] you don't want to know."

I said, "You're right, I don't want to know." And I didn't want to know. I felt this meeting put me in a position where I might hear things I didn't want to hear.

Q We have reached --

A I said to myself, wrong meeting, wrong time, wrong person. I shouldn't be here.

MR. BARBADORO: We have reached a time where

I have to break if I am going to make my flight.

I would represent to you that I have very few questions. I would imagine that the people from the House would have a few, and I would think maybe another hour or two, if we can schedule it sometime when you got back from your trip, we can finish it.

If there is nothing else, we can adjourn the deposition until a time we can agree to reschedule it.

(Whereupon, at 2:37 p.m., the deposition was adjourned.)

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CONTINUED DEPOSITION OF
[redacted] C/CATF

Monday, May 11, 1987

Select Committee to Investigate
Covert Arms Transactions with Iran,
U. S. House of Representatives,
Washington, D. C.

Committee Hearings
of the
U.S. HOUSE OF REPRESENTATIVES

2058

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CONTINUED DEPOSITION OF

[redacted] C/CATF

Monday, May 11, 1987

Select Committee to Investigate
Covert Arms Transactions with Iran,
U. S. House of Representatives,
Washington, D. C.

The select committee met, pursuant to call, at 9:00 a.m., in Room H-139, The Capitol, with W. Neil Eggleston (Deputy Chief Counsel of the House Select Committee) presiding.

Present: W. Neil Eggleston, Deputy Chief Counsel; Richard H. Giza, Professional Staff Member; Tim Traylor, Investigator; and Robert W. Genzman, Minority Counsel, on behalf of the House Select Committee on Covert Arms Transactions with Iran.

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MR. EGGLESTON: [redacted] as you know by now, my name is ~~Neal~~ Neil Eggleston, Deputy Chief Counsel to the House Select Committee.

This is a continuation of the deposition that you began a week ago last Friday, and we appreciate your coming back. It is really at my request that you come back, and I appreciate your cooperating with us.

I just have a few questions that I was unable to ask at that time, because I was not available. Some of them are follow-ups on questions that you were asked at the time, and some are slightly in different areas.

I don't anticipate this will take very long at all. I think when I am done, Mr. Giza, an associate staff member of the Select Committee, and is also a staff member of the House Intelligence Committee, may also have some questions for you.

Whereupon,

[redacted]

was called as a witness and, having been previously duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. EGGLESTON:

Q [redacted] you were asked last time, 10 days ago, about whether or not you had had any communications with Colonel North in November 1984, in or about November 1984,

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about some -- I guess they are Hind helicopters that at that time had been transferred or had been introduced into Nicaragua.

Do you recall, first, being asked any questions about that last time?

A No, I don't recall any questions like that being asked about that last time.

Q Whether you were or not, I have some questions about it.

Do you recall that in November or so, the fall of 1984, there came a time when the agency learned that Hind helicopters had been shipped into [redacted] Nicaragua?

A Yes, I remember the incident very clearly, and I think with counsel's indulgence, the best way to set the ground work is to lay out the scenario.

Q I was just going to ask you to lay out the scenario.

A In late October or thereabouts, in 1984 [redacted]

[redacted]

There was considerable concern in the Administration at that point in time that [redacted] was delivering MIG-21s [redacted] because, you know, MIG-21 is a high performance aircraft, is one of the markers that the Administration has laid down. If the Nicaraguans do that, it precipitates at least the threat of certain actions.

[redacted] there was an interagency group meeting, I remember very well; because it was on election evening, 4 November. I was supposed to go off to sort of an election evening party with my wife, and they called an interagency group meeting at the State Department, and Tony Motlette chaired it.

I was there from the CIA. There were people from DOD, other State -- Oliver North was there. And general discussion was whether or not MIG-21s were coming, what we would do about it, what reactions could be done, and so on and on, so forth.

Among those discussions, as I recall them, there was some discussion about if MIG-21s come, are coming, even, then what? What actions do we have? And are the CIA contingency plans that were laid out in the past, which

I learned of at that meeting, still valid, which called for [redacted] And I explained to them that is not within the law of feasibility, because we were barred from [redacted]

That meeting broke up, and several days later -- I don't remember the exact time [redacted] had delivered what we thought were Hind 24-D helicopters. [redacted] It would have been some time later in November.

And there was a lot of discussion then about what to do about Hinds, because it slipped in between the crack. It was a high performance, sophisticated system, but it wasn't a jet aircraft, and it didn't hit the markers.

And there was a lot of discussion about what the Hind does, how it impacts on the balance of forces between the Sandinistas and the resistance, and its performance capabilities.

And there may have been -- I don't recall specifically -- there may have been some discussion about what, if anything, could be done to take Hinds out; but it was very clear from that point that the agency's position was we couldn't do anything, that our hands were tied, and, therefore, the previous scenarios that we had discussed were -- had really worked out, were not, couldn't be further considered.

Q Was there any discussion about [redacted] the resistance in taking out the Hinds?

A Yes, because the resistance -- [redacted]

And one called for the use of -- both called for [redacted] and so, therefore, there was a lot of discussion. Specifically, I asked, "That plan there, can it be done?"

And the answer to the above was "No, it can't be done."

Q I take it what you mean when you say it can't be done is the resistance could do it all by itself.

A The resistance didn't have the equipment or the expertise to do it [redacted] to do the job and providing the intelligence.

They had [redacted] but they didn't have the equipment.

Q So, [redacted] they were not really capable logistically of carrying off destruction of the Hinds?

A That was our assessment, yes, and that was, in fact, true.

Q Do you recall whether around this period of time in connection with this incident any [redacted]aps showing positions were provided to Colonel North?

A I don't recall that they were provided, but it is entirely possible. Everybody was jumping around and saying, "We want this; we want that; where is that; where is the other things?"

I don't recall giving him any intelligence, saying, "That is where they are," but someone might have. I might even have sort of at some point in time.

Q But in any event, if you did or if someone at your direction did, it was clear to you it was not so that that information would be provided to the resistance?

A If I gave Colonel North any intelligence or anybody else did at that point in time, it was because of his position in the White House and his position as the NSC focal point for Central America affairs to keep the National Security Advisor and the President sort of briefed on what was going on.

And he did have access to, from multiple channels, all the intelligence on this.

Q And then to follow up, so if it was provided, at least at the time -- assuming you did provide this material to Colonel North, it was not your understanding that Colonel North would be providing it to the resistance?

A That is exactly right, yes.

And I don't recall specifically having provided it to him, saying, "Here it is, Ollie. Take it."

Q I understand.

Let me just ask about a similar incident about which we have received some information. I just want your recollection, or whatever, of the events in or about March 1985.

We have received information from other people, March 1985, there were additional maps provided to Colonel North by people at the agency that reflected Sandinista battle positions, maps and [redacted]

Again, do you recall whether around that time you or anyone at your direction provided maps to Colonel North?

A Let me get this -- March 1985.

Q Showing Sandinista battle positions.

A Sandinista battle positions. March 1985 would have been when the Sandinistas were preparing for their first attack on Honduras.

Q Right.

A The attack actually took place in early May of 1985.

Let me take the second half of the question first.

Q Sure.

A [redacted]

I do not recall providing maps to Colonel North that outlined those positions.

There is a possibility, once again, in conjunction with his White House job, because I might have given him some schematics of what was going on -- there was a lot of concern. The director was concerned. We were all concerned about what appeared to be a growing incursion into Honduras. It is possible that he asked for some schematics of those things, but I don't recall having given them to him and certainly didn't give him the kind of specific maps that would allow for tactical intelligence support, at least that I can remember.

Q You don't recall, then, if it occurred, an incident where maps were provided to him that were not suitable for travel?

A No. I was asked that before, and I don't have any recollection of that.

Q I know you were asked that before, but from at least my understanding, I think that was after I had gone, and from my reading of the transcript there wasn't much connection to it.

A I want to say for the record, there were a few times in there -- and I can't put dates and places -- where I was asked for intelligence that I thought might have been bound for the resistance, and I didn't provide it, didn't respond.

I can't remember dates and places, but I remember a couple times when I just -- I was very reluctant to provide that kind of stuff.

Q Were these questions that you received from Colonel North?

A Yes.

Q What kinds of stuff? I know you can't remember the dates.

A You know, what is this, can you tell me where this is, give me this map.

I just didn't want to get involved, because the restrictions were very, very tight on us, and I didn't know what would be done with them, so that was one of the places where I hung back, one of the first instances where I can remember hanging back.

Q This would have been the time period between October 1984 to August 1985?

A Yes.

Q In the most restricted time period.

A Yes.

Q Do you have any recollection of what the specifics were that he was asking about?

A No, just vague generalities of being asked for things and just sort of going through the mental processes -- that is something to brief the White House or is that something that is beyond that, and if it was beyond it, I just got a little reluctant to do it.

See, it is important to know that from almost the beginning in my dealings with Colonel North I applied roughly the same criteria that the law applied to dealing with the resistance. And I ~~judged~~ gauged my activities within, roughly along the same lines, trying to balance his White House job, sort of thinking he needs this; but I want to make sure, because I knew he dealt with the resistance, that I wasn't going beyond what I could do with the resistance.

Q Did you have any tangible information that he might be -- that he might have provided this material to the resistance if you gave it to him?

A No.

Q Or is it just a feeling that you had?

A No, he was very, very, very close with Adolfo Calero at that point in time. You can say he was the principal contact in the U.S. Government with Adolfo Calero.

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I think I testified to that point.

Q Yes.

A And it was just one of sort of -- that I approached from that point of view.

MR. EGGLESTON: Let's hold off for a second.

(Discussion off the record.)

THE WITNESS: That is my vague recollection, and I just wanted to lay out the way I responded to those things.

BY MR. EGGLESTON:

Q Let me ask you about another specific event, and just ask you whether you have any recollection of this or whether this is something you had heard about.

Again --

MR. PEARLINE: Off the record.

(Discussion off the record.)

BY MR. EGGLESTON:

Q I was about to ask you about another incident and ask you whether you had any knowledge of it. It is an incident that we have heard from other people we have talked to.

That is that in late March 1986 there was a SAT plane that was involved in a NAHO flight [redacted]

We have heard that there was a plan for the flight to drop medical goods a[redacted] at that location, to pick up arms, then to take the arms t[redacted] where they would be packaged for an air drop. And when the aircraft landed in [redacted] there were no arms released from the FDN so they could pick them up and make the drop.

We have also heard that various agency officers may have helped, or attempted to help, I guess I should say, in order to get the arms released so that this flight could pick up the arms and make a drop to the Southern Front.

Do you have any knowledge of this incident?

A Once again, that was touched on peripherally in my testimony last time.

Q I think that is right.

A So let's take it from there.

The KL-43 message said that I approved the flight. That is not true. I don't recall having ever discussed that flight.

Certainly, given the posture that I took, I wouldn't have approved it even if someone would have discussed it with me.

The second thing it said was that[redacted] was keeping things from him -- [redacted] [redacted] I don't recall any of that.

Subsequently, I went back and reviewed all of the record and our files, and it is clear that during that time frame there was traffic going back and forth about a supply flight to the Southern Front.

It didn't make reference to a SAT-C-100 or L-100 or talk in specific terms, but it did talk about a private benefactor flight.

Q Did you say it did or did not?

A It did not talk in specific terms, as I recall, the traffic, about an L-100 and how it was going to work, but it talked about a flight to the south and the fact that the FDN was not being totally supportive.

We instructed [redacted] to work with -- tell the FDN that they should support that flight, should support that, and that he should press upon the FDN the need -- and we did it in this kind of a way, and I don't have the specific cables in front of me -- but they should impress on the resistance the need to share with the south and to support the south and to do -- meet with the FDN and make it very clear that that was our position.

Now, I think that is probably part and parcel to what General Secord was reflecting on in his testimony when he talked about some support [redacted]

It was, in our view and in the view of our general counsel, permissable under the modified guidelines in the Intelligence Act of 1985 for us to relay that type of information and play that intemediary role.

That is what we did in that particular instance, and [redacted] was acting under instructions that we considered to be consistent with the modified guidelines of 1985.

But we didn't approve the flight. We didn't get involved, to my knowledge, nor did we instruct anybody to get involved in actually breaking things out or telling specifics of what should be provided, but just saying in a generic sense that you, the FDN, should share what you have and try to assist the south, because it is in your best interests to do so, and try to faciliate communication and cooperation between you two.

Q Was it at the time that these instructions were being given to [redacted] -- was it clear that it was going to be lethal material that the south was supposed to break out in order to help out the Southern Front?

A If you look at the traffic, it wouldn't say "lethal material", but we didn't differentiate, and we were telling them to share what they had. And the problem was lethal material, and by inference, that was yes.

So, once again, our general counsel has reviewed that law and that law as we interpreted it, and as general counsel interpreted it, did not differentiate between lethal and non-lethal material.

It talked about being able to provide, deal in an advisory capacity, and in a generic context with material of all types and being able to work within a very carefully structured framework on that. And it was that interpretation we were working on at that point in time.

So, what I want to put on the record is, if that is the intent and that is the kind of assistance that General Secord was making reference to in his testimony, then that was being done by [redacted] with the CIA headquarters' knowledge, specifically.

Q Does the cable traffic reflect that [redacted] was also involved in attempting to get this material broken out for distribution?

A The cable traffic would reflect, as I recall it, [redacted] being -- [redacted] being involved in the process, yes.

Q As of this time, March 1986, you had a compliance officer, or whatever his name was, assigned to the Central American Task Force.

A Yes.

Q Was that [redacted]

A It might still have been [redacted] at that point in time. [redacted] and [redacted] both were working there and reviewing the traffic.

Q What I was curious about is whether they gave any advice about this particular --

A They would have seen that traffic, and they would have been aware of it, and they would have given me advice if they thought it was a problem.

The practice was if I thought it was a problem, I would refer it to them. They read all the traffic and had access to it. If they thought it was a problem, they would bring it to me and say, "That is a problem; you better back away from that."

As you review traffic, you can see places where we would come up and come back as we would stay within these parameters, and sometimes I pulled ourselves back, and sometimes the compliance officer pulled me back.

Q Did you see the part of the -- I guess you have just mentioned it -- General Secord's testimony where he indicated he had a personal meeting with Director Casey?

A I did.

Q And I think that he identified that as taking place in about March or so of 1986. I think he was not absolutely specific on whether it was February or March, but at least in that general time frame.

Let me ask you first -- were you -- at or about the time this meeting took place -- were you aware that the meeting had taken place?

A I was not aware. I previously testified to that.

Q Right.

Do you recall whether or not, or did you have any conversations with Director Casey around that time which led you to believe that he had met with Secord or that he wanted the Central American Task Force to provide additional information or help to the contras?

A I had no such conversation with Director Casey and had no indication that -- or no pressure from him to modify our operating instructions.

Q Anything from Mr. George?

A No.

Q Or anyone else, I take it?

A No.

Q There was an incident which took place apparently in March of 1986 -- in or about March of 1986 -- where General Singlaub went to Central America and met with Eden Pastora and concluded an agreement on behalf of the United States Government.

Can you tell me -- and you are pretty good giving these in narrative fashion -- what you knew about that event, whether you knew of it in advance and what reaction there was to it?

A I didn't know about it in advance, and I don't think anybody else did in advance.

As I testified previously, from the fall of 1984

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forward we developed a policy of ignoring Eden Pastora, because that was all we really could do with him during the hard core Boland days, was ignore him.

We couldn't actively work to try to limit the damage he did then during the NOHA days and the attendant legislative framework we actively worked not to provide him with assistance from NOHA.

There is a reason for that. We had made a very careful review of Eden Pastora [redacted] was deeply involved in drug running, and that for multiple reasons we just didn't want to deal with Eden Pastora, not to mention the man's personality.

Even had he been above those two -- and we were not so certain whether he was or wasn't -- we couldn't make a clear distinction -- but we knew that he was a mercurial personality that was subject to manipulation by his friends, that he reacted badly to things U.S., and we had not been able to establish a cooperative relationship with him.

His staff and friends [redacted] they were drug smugglers or involved in drug smuggling, and we made a decision, one I defended ardently -- that you just can't deal with this man. You can not.

Therefore, NAHO didn't deal with him, either. None of his forces in the 1985 to January 1986 time frame got anything. Nothing.

I think the record is very clear that we conceived of an operation in late 1985 to take -- skim off or take away from Eden Pastora those commandantes, those forces in the south which were reasonable, which were entities we thought would be worthy of support. And as the laws changed, [redacted] and in working towards that end.

We were well into that operation in March of 1986, and part of that operation had as its undertaking not dealing with Eden Pastora or any of his entourage, [redacted] and trying to pull them into a new collective.

It was within that context that -- and it was controversial. There was congressional pressure from both sides of the aisle, and not the center sides of those aisles, but a little bit further out to the right and left, in support of Eden Pastora. There was that -- that pressure was being brought to bear on the State Department.

The State Department doesn't like congressional pressure, and they were putting pressure on me to ~~re-think~~ rethink the position, and we were pretty firm. We knew we had it right and didn't think it was worth changing.

Bill Walker and State Department had a couple meetings with Eden Pastora, trying to talk with him and get him to do things and to prove that he was someone we could work with. And each time he proved just the opposite.

It was in that context that one day I got a message on my desk through the [redacted] channel -- that is a channel which is CIA communications through which an ambassador or any other entity can communicate to specific addressees in their parent organizations.

This particula[redacted] message went, as I recall it, to the State Department for Elliott Abrams, White House for Oliver North, and to me, and to somebody in DOD. And it said that, "I, Ambassador Tambs, have talked to General Singlaub," and and General Singlaub had struck this deal with Eden Pastora.

I don't remember the text of it, but that was the thrust of it.

So, we had General Singlaub negotiating with Eden Pastora on behalf of the U.S. Government, and I went bonkers. What is this? This is contrary to everything we are doing. This is not the right answer.

It turns out that the message was released without the [redacted] having seen it. I don't think that Ambassador Tambs knew exactly what the impact of it was; and we backed it off very quickly with some messages saying that he doesn't speak for the U.S. Government, he had no right to conclude such an agreement, and it was treated from the very beginning as null and void or without any substance.

Q The agreement, as I recall, and as you just mentioned, does mention that the agreement is drafted in terms of an agreement between the U.S. and Eden Pastora.

A Absolutely, yes.

Q Do you know whether General Singlaub spoke to anyone in the United States Government before entering into the agreement about that?

A I don't know if he spoke with anyone, but I know that everybody reacted with the same horror.

It was my impression that he didn't speak with anybody in Washington about it. I suspect that he might have talked -- I just don't know. I don't know beyond that.

Q You had mentioned Ambassador Tambs.

A He may have talked to Ambassador Tambs, but that is pure unadulterated speculation.

Q There was nothing in the cable traffic that led you to conclude that he must have spoken to Ambassador Tambs?

A Well, it is hard to believe that he would have done this totally devoid of any context, any discussion at all.

But I don't know that there was any discussion. One can conjure up an image that, as I said, State Department was nervous because of the pressure they were getting from various congressional quarters about Pastora, that maybe they had talked somehow to Tambs, Tambs had talked somehow to Singlaub, saying, "Talk to Pastora and see if you can't work something out; find out if the agency has got it right. The agency may have this wrong in dropping this. It is an awkward situation." You know, that kind of thing.

But I don't know that for a fact.

Q Was there a RIG meeting on this issue after it came up?

A I don't think there was a specific RIG meeting, but it was certainly discussed on phones. Phones rang hot and heavy there, and there was probably -- Eden Pastora was discussed frequently at RIG meetings, and this policy was reviewed and looked at under a microscope, argued, debated, challenged, and this would have been discussed at the meetings subsequent to it.

Q Do you recall any specific reaction by Elliott Abrams to this agreement that Singlaub --

A Yes, he was upset by it, too.

As I recall, all of the principals were upset of the concept of General Singlaub negotiating with Eden Pastora for the U.S. Government and wondered what in the hell was going on.

Q I believe that I am correct that Director Casey's calendar reflects various meetings with Singlaub in February or so of 1986.

Do you know what those meetings were about? Did you attend any?

A I did not attend those meetings.

I have never met General Singlaub. I have spoken -- since the start of this program -- talked to him a couple of times, and my secretary has talked to him, but up until sort of November-December, I didn't know General Singlaub and had had no dealings with him at all.

Q Up until December 1986.

A 1986, yes.

Q And --

A By "this" program, I mean the current approvals to support and fund the contras. Very specifically, General Singlaub's organization has [redacted] in the United States that they bought for the resistance forces. The resistance needs that [redacted] It is hung up in Florida, and we have had some discussions and some legal discussions as to whether or not -- I have had some discussions about their [redacted] its funding; where it came from; is it tainted with Iran-contra money; is it pure from Iran-contra money; what is its export license status;

and have been in discussion with our general counsel as to whether or not we can assist the resistance in exporting that [redacted]

And the decision is not taken yet. That is the purpose of the subsequent discussions indirectly with General Singlaub.

Prior to that time, I didn't know General Singlaub. I had no discussions with him. The director never talked to me about those meetings.

I was aware, however, unlike the meetings with General Secord -- I was aware, unlike the meetings with General Secord, that the director met with Singlaub, but I didn't know why, and I even think one time I asked, said something to the director -- "You shouldn't be meeting with him" or something like that. But I didn't meet with him. And the director never told me what they talked about.

Q Did you ever talk to, you know, Ben Wickham, I take it?

A Yes.

Q Did you ever talk to Ben Wickham about General Singlaub?

A Only in general terms. He told me that one time he called me up and said, [redacted] people have to stand up for what they believe in. I am going to resign and go work for the contras."

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I said, "Jesus, Ben, you got to do what you got to do, but are you sure that is smart?"

He said, "No, I am going to do it."

And I said, "Let your conscience be your guide."

He said, "I am going to work for General Singlaub."

I said, "Well, I would think twice about doing that." And that was about the sum total of my discussions with Ben, and Ben came down and said he was going to do it, and I wished him Godspeed.

Q Do you recall whether Mr. Wickham told you that you ought to be meeting with Singlaub?

A I don't recall him saying that, but he might have said that. I was not about to meet with General Singlaub.

Q Does there come a time around the spring of 1986 when Eden Pastora is arrested?

A No, but as I recall, there was some discussion of him being arrested and kicked out of the country, but I don't think he was ever arrested.

Q What was he being -- what was the occasion for the discussion about him being arrested?

A I am trying to remember just what that was. I just don't recall. Anything I said would be just a wild guess.

Q Let me ask you this. The summer of 1986 -- you may have testified about this, and if you have, let me just go through it again -- in the summer of 1986, it is my understanding that you have some involvement in providing a bank account to Elliott Abrams.

A Yes.

Q Can you tell me what you know about that incident?

A Sure.

The story begins at an NSC meeting in the spring -- maybe May of 1986 or thereabouts. I can't place the exact time. You probably have the minutes from it. I know the Tower --

Q I think it was an NSPC meeting about May 14, 18, something like that.

A Anyway, it was chaired by the President. Cabinet level meeting.

I was there as the staff support for the director.

The thrust of that meeting was that we had projected that NOHA funding would run out in July, final funding, and that even though we were fairly confident at that point in time that we were going to get congressional approval for a program, unabridged program of support, that probably wouldn't have happened until the August recess or even after the August recess. I think by that time we were pretty clear that it might not happen until September in the continuing resolution.

And the focal point was what to do about bridge money, what to do about funding the resistance, that there would clearly be a cash shortfall.

Nothing came out of that meeting. No decisions were taken, and then we calculated -- we -- Ambassador Duemling and I calculated and sharpened the pencils again and projected that the force could be fed through July of 1985, and that left a shortfall, and there was a lot of discussion that the State Department had to get out and exercise its authority to solicit money from someplace.

And in that context, sometime in late July, probably -- not probably -- the last week in July, because I have gone back and checked the dates. Elliott Abrams came to me and said, "[redacted] there is a possibility for us to solicit money from the Sultan of Brunei. I am going to London to meet with his emissary. How should we handle the money? Do you have any ideas?"

I thought a minute and did some fast calculations, reflected largely on [redacted] program, but knowing we couldn't put it in a CIA bank account.

I said what we ought to do is g[redacted] to open up a bank account and deposit the money in that bank account, and then the money can be controlled so that it is spent under our control via that account, because, you know, [redacted] is a good guy, and we work very closely with him, and State does, too. And he is -- I was fairly confident that he would spend the money for the correct things within the parameters of the law, because the law says, you know, you can solicit for things in the law.

Q So, that would be a way you could maintain control over it.

A Maintain control over it -- that was exactly right. That was what was in the back of my mind, because it could be controlled in USG, in particular by the State Department through that mechanism.

Elliott said, "Okay, can you see if you can do that?"

I said, "Yes."

So, I instructed my staff to contac[redacted] and have him open up the bank account.

Time was short, because Elliott was leaving on a Friday, and it was mid-week, so he flew t[redacted] and opened up a bank account i[redacted]

Q Who was "he" in that sentence?

A [redacted] He opened up the bank account in [redacted] with himself as the signator and his accountant the co-signator on the account i[redacted]

You have the account. I don't remember any more of what it is.

Q Yes.

A And he flew back and called the account number in, and I gave it to Elliott, and Elliott said, "Thank you very much."

And subsequent to that, I think I aske[redacted] Elliott if it was successful. He said he didn't know. I asked [redacted] a couple times if any money had been deposited. Most recently we asked him in, I guess, March or so of this year, if money was deposited, and all the answers were "no". That is the story.

Q Are you aware that Mr. Abrams had also asked Colonel North for a bank account?

A I became aware of that some time -- I think it was in December 1986.

Q So, well after that.

A Well after. It was attendant to the investigations that I became aware of that.

Q Did you ever learn from Mr. Abrams or from anybody that, although today no one seems to be able to find the money, whether or not the Sultan had agreed to provide funds?

A I never got a specific answer on that. Elliott never -- he said he didn't know. He said -- and I never got a neat answer on that, so the answer to your question

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is "no."

Q I have just two more areas I want to cover.

The first is that I think it was the Sunday after you were here last time Ambassador Tambs had a long piece in the paper. That was right after you testified.

A Yes.

Q Mr. Tambs essentially said, as I recall the article in the Sunday New York Times, that he acknowledged his instructions were to open a southern front, and he essentially said he was receiving his instructions from the RIG at a time when you were on the RIG.

A Yes, and he said I was one of the core members of the RIG.

[redacted]

Q Okay.

A And the attendant editorial in the New York Times.

Q I wanted to give you an opportunity to comment on the article.

A Having read the article and having gone back and reviewed all of the traffic related to that, I can say that the article had truth in it; but the fundamental allegations that I instructed him to, or Elliott Abrams instructed him to provide logistic support to the private benefactors is wrong.

The allegations that I instructed him -- instructed him to open up a southern front is misleading. That we supported the Southern Front, that we wanted the southern front opened up, that we intended to restructure that Southern Front and were actively involved in it is absolutely accurate.

We started, as I said, thinking about it in November-December of 1985. The law was changed in December of 1985, and by January of 1986 we were within the context of that law very actively involved in manipulating and working, manipulating the situation and working to establish the southern front.

Our [redacted] was operating under instructions and in close coordination with us -- Ambassador Tambs knew it. Ambassador Tambs was working within that regard. But we didn't -- I didn't -- let me speak specifically about me -- I didn't instruct Ambassador Tambs to take actions that were in contravention of the law to provide logistic support to the private benefactors or things of that nature.

So, my impression of the article was it was kind of a pitiful article, because he hasn't got it exactly right. And I can't quite see what his motivation is in doing that and outlining it the way he did.

If that was his understanding, then he has some misunderstandings.

Q The last thing I want to ask you about is on about October 14, 1986 you attended a briefing of the members of the HPSCI staff. I suspect Mr. Giza was present.

The purpose of the briefing -- it appears you were summoned or requested -- the agency, I should say, was requested to attend, because the Hasenfus plane had recently gone down. And the focus was to -- it appears from the questioning, at least, and from the memorandum done about the pre-briefing -- it was a pre-brief -- that the members of the committee wanted to know about United States Government involvement with the operation in the Hasenfus was involved.

You testified last time that by January or so of 1986, late December 1985, January 1986, you began to suspect that Colonel North has got some involvement with that operation, that in the summer of 1985 Colonel North comes to you and wants -- suggests to you that the agency should purchase the assets, that in August of 1986 you attended a meeting that you really wished that you had not attended that involved -- I can't remember if you were at the meeting with Felix Rodriguez or --

A Not, definitely not the meeting with

Felix Rodriguez.

Q You were at the follow-up meeting, I guess, where Felix Rodriguez was discussed, and some of what he said was discussed.

Let me just ask you -- there were a number of questions that were posed, principally to Mr. George, asking what the agency knew about this private operation, and Mr. George -- and even more strongly, Mr. Abrams -- both emphatically stated -- Mr. George says the agency had no involvement whatsoever, but it appears Mr. Abrams states that the United States Government had no involvement in that private resupply operation.

Is that your recollection of what occurred at that meeting?

A Generally, yes.

I would have to read the transcript to reflect my recollection. But generally, that was it, yes.

Q Why didn't you speak up and tell the committee about your belief by this time that Colonel North was involved in that operation?

A Let me start off by saying that Mr. George's position at the agency was not involved in these operations. That is absolutely accurate, according to our knowledge at that point in time.

Q I understand.

A And I think that subsequently we did find out that [redacted] was a little more closely involved than the instructions would have otherwise have had him be; but still our office of General Counsel has determined that, from their opinion, that his activity, although represented a violation of standing operating procedures and regulations and instructions, does not represent a violation of the law.

So, I think Mr. George's testimony is absolutely accurate.

I didn't speak up for two reasons. First off, the question was not directed to me. Secondly, it was my belief that even though I had bits and pieces of this thing pulled together, I did not believe it was a U.S. Government operation. I still don't believe it was a U.S. Government operation.

I didn't know then what I know now about the involvement o[redacted] or the involvement, apparently, based on General Secord's testimony -- the alleged involvement of Colonel Steele, and didn't see the need to intervene in that testimony.

Now, I have testified in front of the House Committee in previous times to that in direct response to questions by Congressman Brown when he asked me a very similar question, or questions, why we were not investigating that.

Q I have read that.

A And I said to Congressman Brown that so far as we have been able to tell in looking at it, the trail leads back to the United States and U.S. persons and U.S. money. And that is not a matter for us to investigate. That is where I was.

I thought they were private individuals and was unaware of the scope and nature of U.S. Government, official government positions.

I believe Ollie's involvement was one, as I think I have described, of the second team quarterback on the sidelines flashing signals to the quarterback playing the game, and not a direct involvement.

I didn't think he was running the operation. I knew he could influence it. I knew he could cause it to do things, but I didn't think he was a direct player.

So, I made a decision. It may or may not be right. I just stayed silent.

Q I would be glad to show this to you. I am not hiding it in any fashion. The Chairman in speaking to Mr. George says -- "You began with a series of denials of CIA involvement in any way, directly or indirectly, in supplying the contras. Does the same denial apply to the United States Government across the board, in other words?

"Mr. George. Mr. Chairman, I can not speak for the United States Government. I can speak for the Central Intelligence Agency.

"The Chairman. Can anyone assure us that the United States Government was not involved, indirectly or directly, in any way in supply of the contras?

"Mr. Abrams. I believe we have done that, and I think it is -- done that -- that is, I think the President has done it, the Secretary has done it, and . I have done it.

"The Chairman. So, the answer is the United States Government was not involved in any way?"

It seems to me in reading this whole transcript the direct impression that comes across in the testimony of Mr. George and Mr. Abrams is that there is no government involvement whatsoever in this entire operation, and yet you testified before that you, as well as a numbef of other people in the United States Government, are, especially by October of 1986 -- have fairly certain knowledge, although some of it you derived inadvertently, that Colonel North was quite heavily involved.

Did you just make a decision that your information was not solid enough to speak up at that time?

A Well, as I think you can see, the questions weren't directed to me, and for that I am extremely grateful.

Q I understand.

A And, frankly, at that point in time, I think to lay it out there I was just grateful the question was not directed to me.

And I don't know how to answer it, had it been directed to me. I knew the CIA was not involved, and I suppose that is a tremendous parochial view, but I think that, as you see throughout the testimony and in your investigation of this entire affair, my position has been that as I steamed through what I knew to be troubled and potentially perilous waters, I wanted to keep the agency off the shoals and clean, and made decisions that were based on that staying within the parameters; and so I would have testified similar to Mr. George, that I knew about the agency. I didn't know and would not speak about the U.S. Government.

That was the way I would have answered the question.

MR. EGGLESTON: I have nothing further.

EXAMINATION

BY MR. GIZA:

Q [redacted] continuing on the same line of questioning that was pursued by Mr. Eggleston, when you testified before us on the first of May, you gave the general indication in our discussions that you pretty much knew in the winter and spring of 1986 that people like Richard Gadd, people like Felix Rodriguez, were involved in this; and you had some sense that those same individuals who were providing humanitarian assistance were also providing lethal assistance.

You recounted for us at the time an incident on the tarmac at [redacted] where there was a load on an aircraft that was going to [redacted] You indicated this couldn't go. You went with Felix Rodriguez, placed a direct call to Oliver North.

I would like to introduce for today Exhibit 12, CIIN No. 2307, and show that to you, [redacted]

(Exhibit No.12 was marked for identification.)

(The document marked as Exhibit No. 12 follows:)

***** INSERT 1-1 *****

BY MR. GIZA:

Q Are you familiar with that memo?

A Yes.

Q You read it?

A Yes.

Q At the time --

A Yes.

Q -- that it occurred?

A Yes.

Q The memo gives an indication, at least, that Oliver North was, in fact, a principal focus of this operation.

One could interpret it that way. Maybe you did not. But that he had been, quote, unquote, "coordinating" between Felix Rodriguez and Oliver North.

So, not only did you have this incident with Oliver North making coordination arrangements, but you had the incident with Rodriguez where Felix Rodriguez talked to Oliver North on the phone.

As you went through the summer, you saw additional incidents where Felix was involved with these aircraft, where North was also involved.

Isn't it true you told us that North had also shown you photographs of the airfield in [redacted]

A Yes. Nor just me, the whole --

Q Members of the RIG?

A A whole group of people. And beyond that, as I recall, it was a fairly large meeting.

Q So, you had a general sense that Oliver North was not only knowledgable of the aereal resupply effort, but he was also knowledgable of the airfield i[redacted]

Let me introduce from the testimony on 14 October 1986 Exhibit No. 13.

A Okay.

(Exhibit No. 13 was marked for identification.)

(The document marked Exhibit No. 13 follows:)

***** INSERT 1-2 *****

BY MR. GIZA:

Q You are familiar with that testimony given by you during that session on 14 October?

A Yes.

Q While Mr. George responded to the questions as to the airplane, you also responded, indicating that you did not know, and again, when the Chairman asked secondly, you said that you again did not know.

A Yes.

They asked me the question. The Chairman says, "You do not know whose airplane that was?"

Mr. George said, "I have no idea. I read -- except what I read in the paper.

The Chairman said, "I understand, but you don't know?"

[redacted] No. We do not know."

At that point in time, if you would have asked me who owned that airplane, I didn't know who owned that airplane.

Q You may not have known who the specific owner of the airplane was, but you did, in fact, know a good deal about the operation that was underway at [redacted]

A You couldn't have been in my job and been competent and not have developed an understanding of the operation a[redacted]

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As I testified before, my job was to keep the agency out of that operation and to stay within the bounds of propriety and legality, and if I -- I did not allow myself to develop a deep understanding in specific terms about how that operation ran, who was behind it, and whose airplanes those were and so on.

So, I would still stand by that answer at that point in time.

end

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If you wanted to ask me whose airplanes those were, I did not know. If he had asked me, do you know who ran the operations and what, that is a different question and that would have been a different set of answers.

But as to whose airplane that was, I am still not sure who owns those airplanes.

Q The chairman -- you indicated you did not know who was flying the flights or who was behind them. The chairman said, and you still don't know, you responded, that is right; no?

Isn't it true that an individual by the name of [redacted] came to work for the Central Intelligence Agency some time in the summer of 1986?

A I don't know when he came to work for the Central Intelligence Agency.

Q Were (space) you knowlegeable of the fact tha[redacted] had participated in this private benefactor resupply effort?

A Some time after -- I would have to get the exact dates -- after the 123 crashed and I think probably after that hearing, but again, I don't know that was brought to my attention. But I have never talked t[redacted] and made it my business not to be the person that debriefed him.

Q But there was someone in the Central Intelligence Agency who had been a direct participant in this effort?

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A That is my understanding, yes. But I think that the record should be made absolutely clear that his clearance and the process of employment was begun prior to that and that he was not operating in those private flights with the -- understands the instructions of the agency and indeed, I think that most, if not all of the agency management didn't know that he was involved in those private flights. It came as quite a shock to some of us and indeed to the management to find out that he was there.

Q Management didn't find that out until after they hired him?

A I don't know. You would have to ask the people who hired him and the people for whom he worked. It didn't come to my attention until after the 123 crashed and we were doing a very thorough interim review and it came to my attention in that context. Someone said there is this fellow and he does this. I brought it to the attention of my superiors. He was thoroughly debriefed and from there the story, I think, is known.

Q When you had that meeting with Don Gregg, Mr. Walker, Robert Earl, Ambassador Corr, (space) Colonel Steele, perhaps some others that I have left out, you were certainly knowledgeable that Felix Rodriguez was a main player and involved with this private benefactor resupply effort. I believe that at the time Felix was also knowledgeable and perhaps made

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known names of other individuals who were involved, Richard Secord, Thomas Clines, others.

MS. McGINN: Are you asking a question?

MR. GIZA: No, no, I am making a statement.

BY MR. GIZA:

Q So all of these individual's names were being bandied about. Have you ever heard any of these names mention in connection with the private benefactor resupply effort?

A Secord, yes; Clines, never in direct association with it. I had seen a couple of pieces of paper that let me know that Clines might be around but more on the arms side of the equation than on the air delivery side.

I still to this day, don't associate Clines with the private Benefactors that flew the flights, but I saw a couple of peices of paper which would have allowed me to make the sort of quantum leaps that intelligence officers, operations officers make, saying, well, I wonder whether he is involved.

But specifically, no. And I don't recall in that meeting Clines having been mentioned at all. I don't recall Secord necessarily having been mentioned in that meeting.

Q You knew from other information that Secord may have been involved in the operation?

A I believe by that time I had an understanding of Secord being involved.

MR. GIZA: I would like to enter the following exhibit as number 14, into the record again from the October 14, 1986 testimony before the Intelligence Committee.

(The document referred to was marked as Exhibit [redacted] 14 for identification:)

INSERT 1a - 1

MS. McGINN: If you are going to put this into the record, I would ask that you put the whole testimony into the record rather than piecemeal.

MR. GIZA: We will be happy to do that. We can put the whole testimony in.

MS. McGINN: Yes, and if you would allow the witness to see the entire testimony, it makes it better for him to answer the questions within that context rather than one page at a time.

MR. GIZA: If the witness would like to see the rest of this testimony, we would be happy to show him the entire transcript.

THE WITNESS: Let me look at his and see the pages front and back.

MS. McGINN: Are you going to enter the whole transcript into the record?

MR. GIZA: If you would like it, we would be happy to do that.

MS. McGINN: Yes; why don't you make the whole one as Exhibit 14, rather than one piece?

MR. EGGLESTON: Why don't we make the whole transcript Exhibit 15?

(The following document was marked as Exhibit [redacted] 15 for identification:)

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BY MR. GIZA:

Q Mr. Brown in the question posed to you on that page asked that you provide the committee with the information, the intelligence the CIA had concerning the resupply operation?

A Yes.

Q Since the funding cut off -- that information was, in fact, provided to the committee?

A Yes. We provided him all of the intelligence that we had on the best -- to the best of my knowledge, on the supply operations. We went back and did a complete review of the files and pulled it together, and I think you had the documents given to you.

Q Can you tell us [redacted], why the Central Intelligence Agency's memos to [redacted] were not provided to the Intelligence Committee?

A No. I can only tell you that it was a mechanical breakdown. That decision was taken by the chief of the reports, which I was not aware of, to do it. There was nothing underhanded, nothing, no skullduggery intended. It was just a mistake.

Q What do you term a mechanical breakdown?

A I told the chief of reports that I wanted him to produce all the intelligence on the supply operations to the resistance between this period of time. And I don't read those reports when they go out. To my mind it was everything. It was only when the matter came up, I think some months later you brought it up in somewhat irritated fashion, that the memo to [redacted] had not gone forward. I went to talk to my chief of reports who was the technician, the chief technician that passes this stuff back; and I found out he had not given you the memo to [redacted]

You will have to ask him why he didn't. He told me there was sensitive limited distribution and didn't think that they were to be included. If they were to be included, they were not sent forward; and it was a mistake.

Q Who was the individual who was the chief or reports?

A [redacted]

Q [redacted] I believe you are aware that the Intelligence Committee, over the course of the last two or three years, has been reviewing on a periodic basis, perhaps every quarter, the agency's reports known as TDs, those reports produced by the deputy director for operations that concern reports on UNO and the FDN. Were you aware during that period of time over the last two to three years that again no memos to [redacted] were provided to the staff of the Intelligence Committee?

A No, I was not aware of that. I became aware of that only at this point in time. I had no intention of

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not providing you the memos t [redacted] because to my mind we had nothing to hide.

Q Thank you.

I have one other additional question.

Have you ever met with Spitz Channell?

A No.

Q Have you ever met with someone named Robert and Jane Drissel?

A No.

Q Thank you very much.

A I would like to read into the record two reports that ~~corssed~~ crossed by desk yesterday, or Friday evening, and point out to you, the committee, the damage this committee is doing to the U.S. interests in Centeral America.

[redacted]

UNCLASSIFIED

Pages 52-53 deleted
in their entirety

[redacted]

These are just two. We see overand over again since this has begun, Central American countries questioning the wisdom, the fidelity of the United States and their wisdom of continuing their assocition with us.

I just ~~wnated~~ wanted to put that on the record.

The final point I want to put on the record is an excerpt from the CIA legal opinion regarding the Intelligence Authorization Act for fiscal year 1986, Section 105, Public Law 99-169, 4 December 1985. Conclusion is based on, this is -- there are two pertinent elements from that. A, CIA had the authority under that act to provide for information and advice including intelligence information and advice for and used by the resistance. CIA had the authority to

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provide information and advice on resistance supply efforts so long as this did not amount to participating in the logistics activities integral to resistance military or para-military operations.

The finding goes on to point out that in the opinion of the general counsel such advice was not, did not differentiate between lethal and non-lethal equipment; and he quotes from that statement made by Senator Durenberger from the Floor of the Senate in the Congressional Record, S-16074, daily edition, dated 21, November 1985. I will not quote from that.

It is all of four activities that I have made reference to and all of the instructions that I gave from the period roughly, 24 December 1985, forward, (space) until enactment of the current legislation rested on that opinion.

MR. EGGLESTON: [redacted] let me just say in response, and this is not intended to get into any sort of argument with you; but obviously the two Select Committees have done a somewhat complete investigation, or an investigation of these various activities. And I just might also point out that Congress repeatedly through 1985 and 1986, asked Colonel North, the NSC, on occasion members of the Central Intelligence Agency, whether or not the law was being complied with, not just by the CIA, but by members of the NSC staff; and I can only wonder whether if the government, if the

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Congress had gotten accurate responses back then the extent of Colonel North's involvement in supporting the contras militarily, financially, with advice, whether or not you would be in this situation.

THE WITNESS: Well, as I said, I think at the outstart -- maybe this will be my final remarks -- my job from the time I came into this as chief of the Central American Task Force was to support the Administration's policy within the bounds of the legal frame work and it was very clear to me that those instructions entailed doing all that I could within the bounds of legality to preserve the option of bringing para-military pressure to bear on Nicaragua to preserve the resistance forces, once again within the bounds of legality and to do all I could to support the Administratio and working to change the frame work and achieve the space and approval we needed.

I worked to do that within the bounds of legality, to the best of my ability.

MR. EGGLESTON: Thanks [redacted]

Thanks for coming down again today.

THE WITNESS: Thank you.

(Whereupon at 10:45 a.m., the deposition concluded.)